Rank Group

Annual Report and Financial Statements 2020

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Governance

Financial statements

Paul McGlinchey, Mecca general manager, helped deliver care packages to key workers in the community

Gemma Aylen, Grosvenor manager, raised over £2,700 to support unpaid carers during lockdown

Dató Edward Rumly, Grosvenor head chef, kept our furloughed colleagues entertained with virtual cookery lessons

Tess McDonnell, Grosvenor kitchen assistant, helped cook free meals for our emergency services

Thank you

Lilly Ramputty, Mecca chat host team leader, helped make our online bingo chat rooms both supportive and fun for our customers and the team during lockdown

Allan Lave, tech support manager, worked hard to ensure all our support office colleagues could work from home

Natalie Holland, Mecca regional operations manager, worked tirelessly to support employee comms and the #meccatogether project

Kim Jones, Mecca general manager, launched the Swansea community kitchen project which supported vulnerable people in the community

Delivering through our brands

Well-known venues

52
licensed casinos in Great Britain

1
largest casino operator (by venues) in Great Britain. This excludes our Blankenberge casino in Belgium

77
licensed bingo venues in Great Britain

2nd
largest bingo operator (by venues) in Great Britain

10
licensed Enracha bingo clubs in Spain

4th
largest operator (by venues) in Spain

Strong established brands

Small but growing digital casino brand in Great Britain

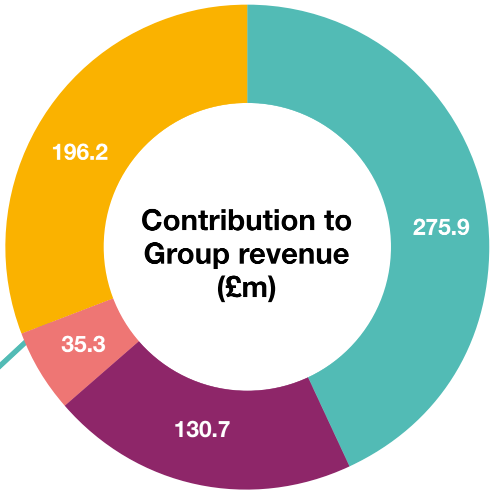
Established and well-known digital bingo brand in Great Britain

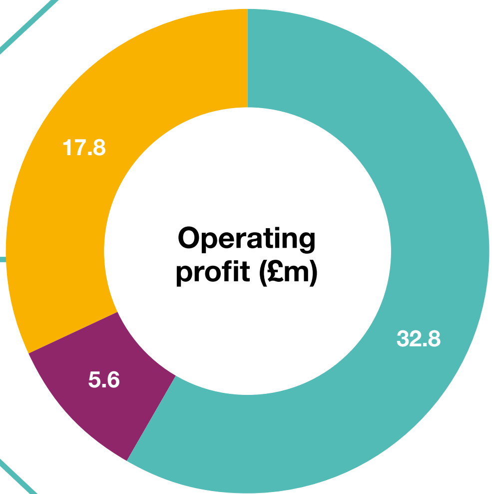
1
largest digital bingo brand in Spain

Diverse digital channels

£638.1m

- Grosvenor venues
- Mecca venues
- International venues
- Digital





£23.5m

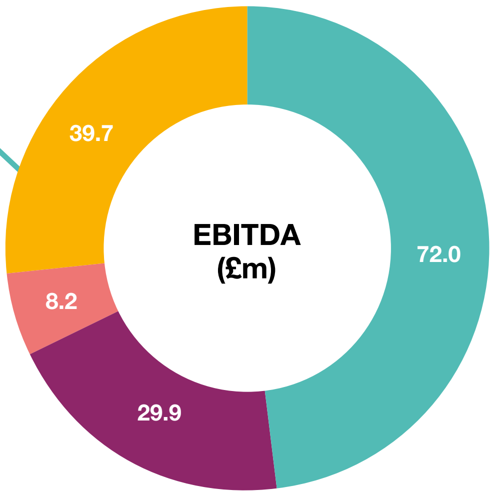
- Grosvenor venues
- Mecca venues
- Digital

International venues (3.3)
Central costs (29.4)

£126.6m

- Grosvenor venues
- Mecca venues
- International venues
- Digital

Central costs (23.2)



Our strategy

Our purpose is fundamental to what we do. It guides our ambition, values, and our overall strategy, providing us with a truly cohesive approach within which to run our business. Despite the challenges caused by the COVID-19 pandemic, the Group remains committed to its current strategy which will present opportunities for revenue and profit growth.

Our purpose

To work together to create exciting environments that reflect the changing needs and expectations of our customers and colleagues, delivering stimulating and entertaining experiences every time, To Excite and To Entertain.

Our ambition

To become a £1bn revenue international gaming company by 2023, through transforming our business and consistently exceeding our customer and shareholder expectations.

Our Values

Service

Teamwork

Ambition

Responsibility

Solutions

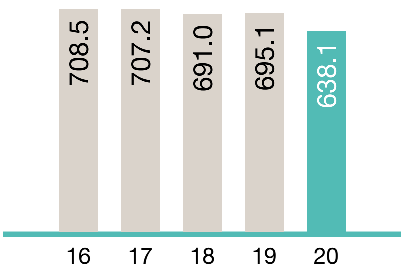
Our strategic pillars / How we grow

Our strategic pillars	How we grow
1 Create a compelling multi-channel offer	In the markets in which we operate, Rank is one of the few gaming companies in a position to provide customers with a genuine multi-channel gaming offer. Our key assets are our 140 venues, our membership-based models, our customer relationships and the high level of engagement that our team members enjoy with our customers.
2 Build digital capability and scale	We have built strong positions in venues-based gaming which we are seeking to replicate across our digital channel. Before the impact of COVID-19 in 2019/20, our digital operations generated 24% of Group revenue. Across the UK as a whole, digital channels now represent around 52% of the gambling market (excluding the National Lottery), presenting a significant growth opportunity. International growth is also central to the Group's strategy to build digital scale.
3 Continuously evolve our venues proposition	Our casino and bingo venues provide entertainment for millions of customers each year and generate the majority of the Group's revenue and profits. By continuously evolving our venues (in terms of product, environment and service) and by creating new concepts, we are constantly enhancing the experiences that we offer our customers.
4 Consistently improve our customer experience through innovation	Our customers are at the heart of our business, and we are always looking for new ways to support and entertain them. We invest in new technologies that drive efficiencies across the Group to the benefit of our customers. We also regularly invest in and introduce innovations that make the customer experience even better – both in our venues and online.
5 Be committed to safe and fair gambling	We are committed to operating in a responsible manner and recognise the harm that can arise from gambling. We recognise the importance of continuous innovation to refine our approach to making gambling as safe as possible. We work to proactively identify and interact with those customers who show signs of experiencing gambling-related harm, or who may be at risk of playing beyond an affordable level.
6 Within an environment which enables our colleagues to develop, be creative and deliver exceptional service	We continue to build a high-performing culture through the engagement and development of colleagues who want to put exciting and entertaining customers at the heart of what they do. We strive for a culture of ownership and transparency that empowers our teams to achieve goals they didn't think possible and to be the very best that they can be.

Our performance

The following charts illustrate the Group's performance for the 12-month periods to 30 June over the last five years.

Underlying[1] net gaming revenue (NGR)

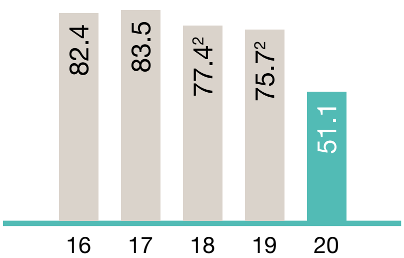


£638.1m

Underlying net gaming revenue (NGR) is an indicator of the Group's top-line growth. It is revenue retained from the amounts staked after paying out customer winnings and deducting customer incentives.

Underlying NGR decreased by 8% in the year as the strong performance in the first half was offset by the loss of NGR following the temporary closure of the Group's venues from March 2020 during the COVID-19 pandemic.

Underlying[1] operating profit

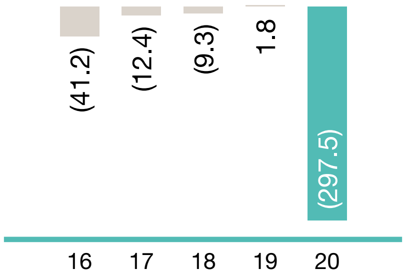


£51.1m

Underlying operating profit provides a picture of the underlying performance and is a key indicator of the Group's success in delivering top-line growth while controlling costs.

Underlying operating profit decreased by 32% in the year as the strong performance in the first half was offset by the loss of operating profit following the temporary closure of the Group's venues from March 2020 during the COVID-19 pandemic.

Net (debt)/cash



£(297.5)m

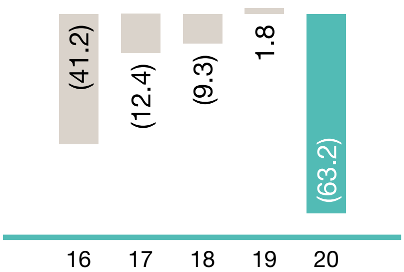
Net (debt)/cash is calculated as total borrowings less cash and short-term deposits.

Net debt increased in the year due to the acquisition of Stride Gaming plc and the loss of operational cash inflows following the temporary closure of the Group's venues from March 2020 during the COVID-19 pandemic.

Net debt for 2019/20 also includes a £234.3m adjustment following the adoption of IFRS 16 with the Group now recognising lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases.

Prior year numbers have not been restated for the impact of IFRS 16.

Underlying[1] net (debt)/cash

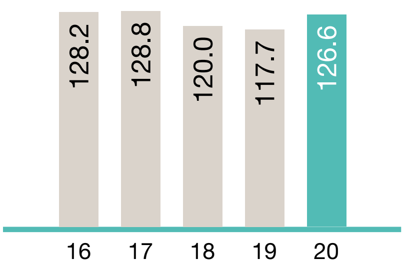


£(63.2)m

Underlying net (debt)/cash is calculated as total borrowings less cash and short-term deposits but before the impact of IFRS 16.

Net debt increased in the year due to the acquisition of Stride Gaming plc and the loss of operational cash inflows following the temporary closure of the Group's venues from March 2020 during the COVID-19 pandemic.

Underlying[1] EBITDA

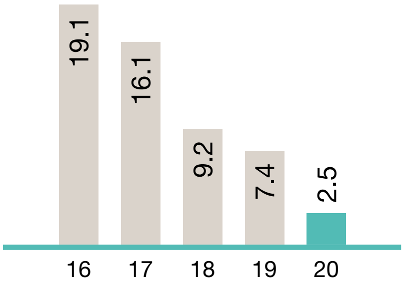


£126.6m

Underlying EBITDA is earnings before interest, tax, depreciation, amortisation and separately disclosed items. It is calculated by taking underlying operating profit before separately disclosed items and adding back depreciation and amortisation.

Underlying EBITDA for the year increased by 8% following the adoption of IFRS 16 in the year. Earnings however were lower in the year following the temporary closure of the venues from March 2020 during the COVID-19 pandemic.

Earnings per share

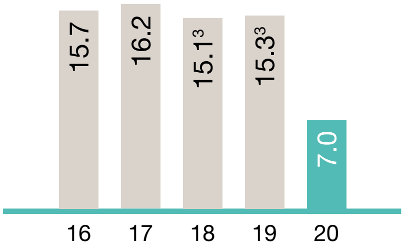


2.5p

Earnings per share (EPS) is a key indicator of the Group's growth after allowing for all costs including separately disclosed items.

EPS decreased by 66% reflecting the lower profits generated in the year.

Underlying[1] earnings per share

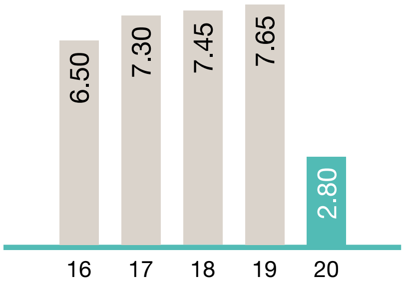


7.0p

Underlying EPS is a key indicator of the Group's growth before allowing for separately disclosed items.

EPS decreased by 54% due to a lower underlying operating profit for the year.

Dividend per share



2.80p

Dividend per share (DPS) is the sum of declared dividends issued by the Company for every ordinary share outstanding.

In light of the recent COVID-19 pandemic and the material impact to our business the Board will not be proposing a final year dividend.

1. Underlying measures exclude the impact of amortisation of acquired intangibles; profit or loss on disposal of businesses; acquisition and disposal costs including changes to deferred or contingent consideration; impairment charges; reversal of impairment charges; restructuring costs as part of an announced programme and discontinued operations, should they occur in the period. Collectively these items are referred to a Separately Disclosed Items ('SDIs').
   The Group has changed the adjusted results it discloses on its consolidated income statement in addition to the IFRS-compliant measures. The presentation of the income statement has changed from "before exceptional items" and "exceptional items" in the prior year to "underlying" and "separately disclosed items" in the current year. The 2018/19 comparatives have been restated to reflect this change.
2. Underlying operating profit for 2017/18 and 2018/19 has been restated to reflect the reclassification of amortisation relating to the acquisition of QSB Gaming and its subsidiaries from underlying to separately disclosed items.
3. Underlying EPS for 2017/18 and 2018/19 has been restated to reflect the reclassification of amortisation relating to the acquisition of QSB Gaming and its subsidiaries from underlying to separately disclosed items.

Letter from the chair

Alex Thursby
Chair

This is my first set of full year results as chair of Rank having been appointed on 17 October 2019 following the anticipated retirement of Ian Burke from the Board and his stepping down at Rank's 2019 annual general meeting. I joined the Board as chair of the audit committee in August 2017, and having spent a few years getting to know the Company, was excited to take the role as chair, and am committed to work with the Board and assist the leadership team to continue to shape and drive the business. I am also delighted that Karen Whitworth joined the Board on 4 November as the new chair of our audit committee. The number of independent non-executives is lower than most PLCs but I am of the view that this brings significant focus and accountability towards the good governance of the Company. I thank all directors for their work, flexibility and dedication in this most complex of years.

We started the fiscal year by making excellent progress with our venues and digital businesses trading strongly, and the transformation programme continued to deliver. Towards the end of the first half we were pleased to complete the acquisition of Stride Gaming plc ("Stride"), bringing in-house proprietary technology which will spearhead our digital growth over the coming years. The integration of Stride is well underway and we are confident that the expected synergy benefits will be achieved.

In February 2020, we started to experience the impact of the COVID-19 pandemic, particularly in terms of tourist numbers in London, and by mid-March, and in accordance with government requirements, we had closed all of our 140 venues in the UK, Spain and Belgium. Although the Group had a robust balance sheet, the business acted swiftly and decisively to ensure that cash flow was the Group's number one priority, mitigating wherever possible the detrimental impact to the Group's liquidity of our venues being closed.

Performance across the year reflected the strong start offset by the significant impact of the COVID-19 pandemic on our venues businesses with Group net gaming revenue ("NGR") down 8% (underlying NGR down 15%) for the year. Our digital business continued to grow strongly in the year, with NGR up 66% and underlying NGR up 23%, however there is still plenty more to do and opportunities to realise as we integrate the acquired Stride business. With our venues growing NGR by 8% in the first half, the closure of our venues from March 2020 clearly made an impact to full year performance and offset the first half gains, resulting in full year venues NGR falling by 23%.

Earnings per share ("EPS") was 2.5p, down 66% following the shortfall in NGR in the second half of the year. Removing the impact of separately disclosed items, EPS fell by 54% to 7.0p.

In light of the material impact resultant from the COVID-19 pandemic to our business, the Board will not be proposing a final year dividend. The full year dividend will be 2.8 pence per share reflecting the interim dividend paid on 13 March 2020. The Board recognises the importance of the dividend to our shareholders and is committed to paying a dividend when circumstances permit, this will be kept under regular review.

The Board welcomes the UK Government's plans to commence a review of gambling regulations. Rank continues to develop safer gambling environments and other safeguards for our customers. We seek to entertain and provide excitement to our customers but to do so safely and the Board, both directly and through the work of its safer gambling committee, maintains a sharp focus on the delivery of our safer gambling initiatives. The Government's planned review will provide opportunity for the right balance to be created between protection for the vulnerable and modernising regulation to make it more appropriate for today's consumers, both online and in venues. Going forward, the Board will require management to determine the appropriate strategic responses from both changes of consumer buying behaviours resultant from COVID-19 and the effects of any future regulatory changes.

On behalf of the Board, I would like to thank all of our colleagues within the Company for their creativity, energy and hard work in what has inevitably been a very challenging second half to the year. The Rank team worked hard during lockdown to contribute to the national effort, including cooking over 50,000 meals for key workers and vulnerable people in the communities in which we operate. Through close liaison with government officials the team also worked tirelessly to agree how we could reopen our venues as quickly and safely as possible, recognising that our venues provide spacious environments for our customers to safely meet and enjoy some leisure time. We have now reopened most of our venues and the early response from our customers gives us confidence that we can navigate the current challenging environment and return to the growth and earnings trajectory we were delivering pre-COVID-19.

Alex Thursby
Chair

9 September 2020

Chief executive's review

John O'Reilly
Chief Executive

Following the groundwork put into the transformation programme during financial year 2018/19, Rank made a great start to 2019/20. We started the year with strong revenue growth in Grosvenor's venues, in our venues in Spain and Belgium and across our digital businesses, with good progress being made in slowing the decline in Mecca. Our momentum, and the delivery of key transformation initiatives throughout the year, delivered very strong underlying net gaming revenue ("NGR") and profit growth up until March 2020, when the impact of the COVID-19 pandemic hit and our venues businesses, which represent 76%[1] of the Group's like-for-like ("LFL") revenues, were forced to close. The strength and robust nature of our balance sheet, our lower cost base resulting from the transformation initiatives implemented in the prior year and the commitment and professionalism of our colleagues have helped us to best navigate this crisis and to prepare for the successful reopening of our venues. It will inevitably take time and a return of consumer confidence to get the Group fully back on track, but Rank is now a stronger business than it was with good opportunities for revenue and profit growth.

Venues performance in the year up to lockdown

Grosvenor venues continued to deliver strong revenue growth until February 2020 when tourist visitors to our London venues began to fall in the wake of the COVID-19 pandemic. In the eight months to the end of February, Grosvenor venues LFL revenue was up 16% with lower operating costs delivered through transformation initiatives largely undertaken in the prior year resulting in LFL underlying operating profit increasing 121% to £58.0m, pre the impact of IFRS 16. All our key trading metrics of table handle, table margin, electronic roulette and gaming machine revenue and food and beverage ("F&B") were strong, and we were seeing good returns from our investments into product, technology and facilities.

Mecca venues LFL revenue declined 1% in the eight months to February 2020 with underlying LFL operating profit down 4%. Lockdown in March interrupted a number of changes to the core Mecca customer proposition which are now being implemented. The focus is on giving our customers better value with more entertainment and more chances to win in main stage bingo.

LFL revenue in our International venues in Belgium and Spain grew 8% to the end of February 2020 with underlying LFL operating profit up 28%.

Securing the business through lockdown

The strength of our balance sheet and our immediate focus of preserving cash as we entered lockdown have helped support our business through the current crisis, as has the help we have received from government. Our monthly net cash outflow on entering lockdown was £25.0m yet with the huge support of the UK Government through the Coronavirus Job Retention Scheme ("CJRS"), Business Rates relief and gaming tax deferrals, similar employment support in Spain and Belgium, and our own mitigating measures to reduce costs and slow cash outflow, we were able to cut our monthly net cash outflow to £10.0m during the period of full closure.

Whilst over 7,600 colleagues had to go into furlough, we retained a core team to focus on regular wellbeing communication with our customers and furloughed colleagues, to manage our key supplier relationships and to prepare for reopening. In addition, our colleagues kept kitchens open wherever possible across the Mecca and Grosvenor estates to prepare and deliver over 50,000 free meals for emergency service workers, NHS staff and vulnerable residents within our local communities. We have been grateful to have received significant support for this initiative from a number of MPs, local councils and from our suppliers. Our colleagues, including those on furlough, have also been participating in various initiatives to raise money for Carers Trust, all of which have helped the Group give back to the community during these particularly challenging months.

Reopening our venues

The safety of our venues for both our customers and our colleagues has inevitably been our paramount consideration in preparing for reopening. Social distancing measures, capacity constraints, extensive cleaning regimes, hand cleaning, sanitisation facilities and extensive perspex screening to provide additional protections for customers and colleagues were developed and introduced during lockdown in preparation for the 'all clear' from government to reopen. Our colleagues have done an amazing job in redesigning our operations to ensure a safe and secure environment. All of our venues colleagues have been through training programmes in the new operational procedures to protect them and our customers.

1. H1 2019/20 including pro forma NGR for Stride.

International venues
Enracha venues reopened at various points through June 2020 having received regional government permissions. Trading started in line with our expectations at around 65% of prior year levels. Venues in Cordoba, Seville and Tarragona have seen gradually improving visit numbers and revenues as consumer confidence has increased. In the city centre locations of Madrid and Barcelona, however, visits and revenues have remained low and two Barcelona venues were required to close again for 10 days in mid-July following a new spike in virus cases. We are now back open in all venues, but we expect it will be some time before trading at pre-COVID-19 levels will be achieved. Conversely, our casino in Belgium is now trading in line with the same period of the prior year.

Mecca venues
In England, we reopened 35 Mecca venues on 4 July with a further 16 reopening later in the month. A further 21 venues have opened in August, including those in Scotland and Wales where permission to open has come later than in England. The five Mecca venues which remain closed at the end of August are marginal clubs on short term leases which are the subject of ongoing negotiations with landlords. Mecca has large spacious venues which provide considerable scope for community-based entertainment in today's socially distanced environment. We have reopened with a renewed emphasis on main stage bingo in a revised daily schedule offering customers the opportunity to pop in and play bingo in hourly sessions throughout the day. We are slowing the game, adding additional entertainment and delivering great value food and beverage deals to provide an attractive and safe setting for consumers who have been cooped up at home for longer than they would wish.

Trading has started a little ahead of our expectations at 70% of prior year levels on a like-for-like basis. LFL visit volumes are down 50%. As expected, our audiences are currently much younger than normal with customers aged over 55 years old, and particularly those aged over 70 years old, markedly down on pre-COVID-19 levels. Spend per head is up 15%, reflecting both the increased emphasis on main stage bingo, other community entertainment and food and beverage.

Grosvenor venues
We had hoped and expected to be reopening Grosvenor's casinos alongside pubs, restaurants and bingo on 4 July. Casinos are typically large venues which readily enable social distancing and across the sector we had collaborated on stringent protocols which had been reviewed by Public Health England. Disappointingly, casinos were excluded from the list of venues able to reopen on 4 July. On 9 July, a team of scientists from Public Health England and officials from the Cabinet Office and Department for Digital, Culture, Media and Sport ("DCMS") visited a central London Grosvenor casino to experience the social distancing protocols and to examine measures put in place to ensure players only touch their own sanitised chips in blackjack and roulette, and are restricted from touching playing cards in blackjack or have one time only paper cards in baccarat. Clearance from the scientists that casinos were COVID-19

"We came into the year with strong revenues growth in Grosvenor's casinos, in our venues in Spain and Belgium and across our digital businesses, with good progress being made in slowing the decline in Mecca."

safe venues was immediate. On 17 July, the Prime Minister announced that casinos would be allowed to reopen on 1 August. 3,600 colleagues were brought out of furlough to complete the preparations for reopening including extensive training of the new social distancing and other safety protocols. On 31 July, with less than 12 hours to go before our clubs were allowed to reopen, the Prime Minister announced that casinos would have to remain closed for at least a further two weeks until 15 August. It was finally announced on 13 August that we were able to reopen 35 of our 45 casinos across England from 15 August 2020. Four of our five Scottish casinos were allowed to reopen on 24 August with Aberdeen being delayed until 26 August and our two casinos in Wales reopened on 28 August. On 8 September, we reopened four further casinos in the Greater Manchester area, leaving just Bolton and Leicester subjected to continued closure under local lockdown measures. Our venue in Sunderland remains closed as we review its viability under social distancing measures.

Whilst it remains early days, trading has started positively outside of London but is weaker in the capital. Our nine London casinos are witnessing visit numbers at 30% of prior year levels. The absence of tourists and office workers in London alongside concerns about using public transport and the extension of congestion charges into evenings and weekends are weighing heavily on the hospitality sector in the City. Revenue in London is running 60% behind prior year levels. Outside of London the picture is more positive with revenue running 25% behind prior year levels. Overall, Grosvenor LFL revenue is running at 60% of prior year levels in the period since reopening.

Driving Scale in Digital

Having successfully completed the acquisition of Stride Gaming plc ("Stride") on 4 October 2019, our focus has been on the integration programme of both businesses including the development of the Stride proprietary technology in advance of migrating Rank's legacy digital brands onto the Stride platform before the end of calendar year 2021. In the meantime, we continue to drive digital growth in the UK and Spain, with LFL revenues up 23% in the year.

In the UK, whilst Rank's legacy digital brands, Mecca and Grosvenor, grew 23% in the year, Strides' performance, following work to harmonise safer gambling controls across

our business, reduced pro forma Digital growth to 11% in the year. Additional protections for vulnerable customers added across all sites by Rank together with those imposed by the Gambling Commission during lockdown have impacted revenues as they add inevitable friction for all customers.

In Spain, the Yo branded bingo and casino sites performed very strongly in the second half to deliver 18% growth in revenue across the year. Even with the marketing restrictions being introduced by Spain's new government, we are confident of continuing to deliver strong growth in 2020/21.

Despite the ongoing challenges of the high incidence of the COVID-19 pandemic in India, Passion Gaming, our online rummy business, delivered a fivefold growth in pro forma revenues to £5.4m for the 12 months ending 30 June 2020.

The integration programme with Stride is progressing in line with our expectations. There is now one management structure across the combined business with the next phase being the integration of the customer support, payments and safer gambling teams in Mauritius and Sheffield. We expect to migrate Mecca onto our proprietary technology platform early next summer with the Grosvenor brand completing the migration in autumn 2021. We currently expect cost synergies to be £2.0m higher than first estimated at £15.0m.

Financial performance and liquidity

The Group's underlying operating profit for 2019/20 of £51.1m (underlying operating profit pre IFRS 16 of £42.3m) reflects the closure of nearly all our venues businesses from mid-March through to the year end. The profit outturn is at the lower end of our previous guidance of £48m – £58m, post IFRS 16, because we expensed £2.5m of reopening costs in the year. The underlying LFL operating loss of £25.5m in the four months to 30 June 2020 offsets the underlying operating profit in the first eight months highlighting the impact of the COVID-19 pandemic on a business which derives 76% of its revenues from venues. The impact of closure and our estimates of the rate at which some of our venues will return to prior levels have crystallised impairment charges of £37.9m.

The Group entered lockdown with a tightly controlled cost base and a strong balance sheet. Cash and bank facilities were £163.0m as at the end of February 2020, of which £30.0m is in the form of undrawn revolving credit facilities ("RCF") that expire at the end of September 2020. At year end cash and available facilities were £140.0m, following several months of cash outflows, but supported by furlough payments, tax deferrals agreed with HMRC, strong support from our suppliers and additional assistance from landlords. In April 2020, the Group also received £25.3m following the conclusion of a VAT case related to the treatment of gaming machines in the period from 2002 to 2005.

At the end of August, cash and available facilities were £125.0m which, as mentioned above, will reduce by £30.0m at the end of September. The speed with which we can restore the Group to a net cash position will largely be determined by the rate at which our revenues recover as our venues reopen for business.

The following factors are important to the Group's liquidity position over the coming months:

- The Group continues to utilise the support provided by the Government's CJRS. The Group has claimed £7.1m for July. The CJRS tapers down from August to October with employers responsible for paying national insurance and pension contributions from August, 10% of salary costs in September and 20% in October;
- Rank continues to benefit from the holiday in Business Rates which amounts to circa £1.0m per month until March 2021;
- We continue to negotiate rent deferral agreements with landlords. At the year end, £13.2m of rent had been deferred with repayments being made over one to 18 months. Five Mecca venues with leases ending in September 2021 are currently mothballed and are expected to close unless we can reach agreement with landlords to reduce the rent substantially;
- We have agreed a payment schedule with HMRC for £37.5m in gaming taxes deferred from April 2020. £7.7m was paid in June, a further £10.8m in July and the balance will be paid in monthly instalments with payments being completed by December 2020;
- We have cut capital expenditure, restricting it to critical ongoing projects including the proprietary technology platform development, essential health and safety and a small number of projects that had already started as we entered lockdown that deliver fast pay backs. Our capital expenditure in 2019/20 was £44.0m and we expect to cut this to an annual run rate of £30.0m in 2020/21 until we have line of sight to stable cashflow; and
- The Board is mindful of the importance of the dividend to our shareholders. The Board is committed to paying a dividend when circumstances permit, and this will be kept under regular review.

The Group's banking facilities require it to meet two financial covenant tests biannually, a net debt to earnings before interest, tax, depreciation, amortisation and separately disclosed items ("EBITDA") ratio of no more than 3x and an EBITDA to interest charge of no less than 3x, at 30 June and 31 December. Our forecasts indicated that the Group would probably fail to meet both the financial covenant tests at the 31 December 2020 testing date, therefore the Group has secured a covenant waiver. During the period of the waiver, Rank's lending banks have imposed certain restrictions principally regarding any disposals, acquisitions and dividends. In addition, the Group is required to meet a defined minimum available cash and facilities of no less than £50.0m, tested quarterly, until financial covenant testing resumes for the 30 June 2021 testing date.

In the event of a larger than anticipated disruption due to the COVID-19 pandemic, a waiver on banking covenants would need to be obtained in respect of the 30 June 2021 testing date. The Group would seek to take mitigating actions within its control including but not limited to a further reduction in capital expenditure, a reduction in overhead expenditure and the closure of some venues. If actions within management's control were not sufficient to offset the downside scenario,

the Group would also seek other mitigating actions such as securing additional funding or seeking further waivers from its banks.

The continued transformation of Rank

Whilst our immediate priority has been to get our venues back open and trading, and to return to a cash positive position, we have been preparing for the next phase of the Group's transformation. New three-year plans are being developed for each business unit aimed at driving revenue growth and delivering further cost and ways of working efficiencies. The rebooted transformation plan reflects the heavy constraints on capital for investment in the immediate term, the need to ensure we deploy cash most effectively across tactical and strategic options and the need for flexibility to be able to pivot quickly as opportunities arise. It is clear from the performance of our businesses in the period prior to lockdown, and in our subsequent transformation planning, that Rank has a strong pipeline of opportunities to drive revenue growth once the constraints on our business are removed.

Safer gambling

Safer gambling is a key strategic pillar of the business and a critical enabler in our ambition to become a £1bn revenue international gaming company by 2023. We are committed to building sustainable relationships with our customers by providing them with a safe environment in which to play, whether at our venues or online. This is combined with our relentless focus on the risk of gambling-related harm, working on an ongoing basis to improve the way in which we identify and interact with those customers who show signs of problem gambling, or who may be at risk of playing beyond an affordable level. We strive to achieve more than simply complying with our regulatory requirements, challenging ourselves to continue developing new initiatives to deliver a safe gambling experience to our customers. During the year, amongst a range of new initiatives, we were the first bingo operator to add safer gambling controls for time and spend to our gaming machines and in Digital we implemented affordability models across all our brands to enable a risk based approach to identifying customers who may be playing at an unaffordable level.

Please refer to pages 32 and 33 for further details of what progress we have made in the year regarding our approach to safer gambling and what are the key areas of focus for the coming year.

Current trading and outlook

Our Mecca venues have been reopening over the course of July and August. 72 of our 77 Mecca venues have now reopened with venues typically achieving 70% of prior year revenue and with visit numbers now typically at 55% of prior year levels. As a result, Mecca achieved cash break even in August. With Grosvenor's casinos in England only being permitted to reopen from 15 August there is more limited trading experience. Venues outside of London are typically achieving 75% of prior year levels and consequently are cash positive. In common with other hospitality businesses, trading in our London venues is weak, with revenue at around 40% of prior year levels. With 49 Grosvenor venues now open, Grosvenor is likely to be cash generative from September. Enracha venues are operating at approximately 65% of prior year levels and are cash generative.

Building on the double-digit revenue growth at the year end, our Digital businesses are performing broadly in line with expectations. Mecca, Yo and the Stride non-proprietary brands are performing well. The Stride proprietary brands continue to perform below expectations following harmonisation of safer gambling controls across the Digital businesses. Grosvenor revenue has also softened reflecting the lengthy closure of our venues and the consequent impact on the benefits available to multichannel customers. With cost reduction measures being applied across the business, and assuming no material disruptions, we expect the Group to be at cash breakeven or above in September before the impact of repaying deferred duty and rent.

We expect to rebuild our revenues through the year with an increase in footfall expected once social distancing and other supply constraints reduce and customer confidence returns. The pace at which revenues return will determine our ability to restore the dividend and invest in the transformation of Rank.

John O'Reilly
Chief Executive
9 September 2020

A strategy for growth

John O'Reilly
Chief Executive

Q. How would you summarise the Group's financial performance for the year?

A. I think it was the great Jimmy Greaves who first coined the phrase that football is a game of two halves. Well this was certainly a year of two halves. The Group made great progress in the first half of the year, following on from the much improved performance in the second half of 2018/19. At the interim results in January we announced underlying net gaming revenue ("NGR") growth of 10% with Grosvenor venues growing 15% and our digital businesses growing 14%. Underlying operating profit was up 87% year on year at £59.8m for the six months to December 2019. This strong performance continued through January and into February 2020. Towards the end of February news coverage moved from Brexit to the growing emergence in Europe of COVID-19 and by 19 March all of our venues businesses were closed.

Our immediate priority following the closure of Grosvenor and Mecca in the UK, Enracha in Spain and our casino in Belgium was to reduce the rate of cash burn. Before any mitigating actions our cash burn rate was set at £25.0m per month. With action taken to cut, reduce or defer payments to suppliers and landlords, plus the enormous help we have received from government support in the UK and Spain, we were able to cut the rate of monthly net cash outflows to £10.0m. Contributing to this has been the continued strong growth in our digital businesses with like-for-like ("LFL") revenue growth increasing to 31% in H2.

Our second half underlying LFL operating loss of £13.0m is disappointing but inevitable given the forced closure of our venues businesses. Our key focus as we approached the year end has been how we successfully reopen our businesses. We have and will continue to manage the cash in the business very tightly. Clearly the macroeconomic environment will be challenging for some time to come and the social distancing measures have applied in our venues have reduced our operating capacity. Nevertheless, we entered this unprecedented global crisis with a strong balance sheet and a growing business and I am confident that we have both the quality of people and the customer propositions to see the Group recover and to deliver good financial returns to our shareholders.

Q. With the transformation programme in its second year, what have been the key deliverables in the year?

A. A great deal has been achieved in the past 12 months despite the inevitable challenges of the closure of our venues during the COVID-19 lockdown. In October 2019, we completed the successful acquisition of Stride Gaming plc ("Stride") which helps us further build scale in our digital business. This follows on from the acquisition of YoBingo in 2018. With Stride we now have our own proprietary technology within the Group and we are investing in this platform so that we successfully migrate the Grosvenor and Mecca digital businesses in the coming year, delivering significant cost synergies in the process, and quickly develop out further propositional enhancements for our customers. This will include further developing our multi-channel offer for Grosvenor and Mecca customers. We launched Grosvenor One, our omni-channel service, across the estate in April 2019 and this has already proven a hit with our customers. Being able to use account funds across both venues and online and to access those funds in any of our venues has been a very important underpin to the Grosvenor brand's 24% growth in online revenues this year. In-house proprietary technology also provides the Group with the capability to scale our digital business through international growth.

"Well this was certainly a year of two halves. The Group made great progress in the first half of the year, following on from the much improved performance in the second half of 2018/19. At the interim results in January we announced underlying NGR growth of 10% with Grosvenor venues growing 15% and our digital businesses growing 14%."

Our investment in the Grosvenor and Enracha estates contributed to the first half growth rates in both businesses. In Grosvenor, we have been investing in the gaming product offering to provide an enhanced customer experience. New electronic roulette terminals and game formats and new roulette tables and wheels to add excitement to the game, and new venue formats such as our new casino design in Sheffield and a very different customer proposition for a younger demographic in Pier Nine, our new gaming concept in Brighton. The good news is that when consumer confidence returns we have tried and tested customer propositions offering significant further mileage across the Grosvenor estate. In Spain, our investment in the Enracha Stadium concept, which delivers an enhanced sports betting and machine gaming experience adjacent to the bingo facilities, has proven very popular with our customers and has helped us to broaden our reach. In Mecca, the emphasis has been on the role our club plays within the local community, something which has continued through lockdown with the hugely important and successful community kitchen initiative providing free meals to NHS and emergency service workers and to elderly and other vulnerable people needing help in the crisis. On reopening, we have broadened the Mecca proposition providing a safe community entertainment facility with, of course, bingo at its core.

Providing an ever-safer gambling environment for our customers remains central to all that we do and this year we have devoted more management time to this than ever before. We have been trialling a new entry customer identification system for Grosvenor, now rolled out across our estate, to help us better monitor customers and identify potential signs of at-risk behaviour. Knowing who is in our venues in real time also provides added protection to our customers during the COVID-19 crisis. Affordability assessments are being introduced earlier in the customer relationship and a range of other measures to better capture behaviour in real time and assess potentially at-risk gambling behaviour. In our digital businesses, the same very much applies with increased sophistication in our customer monitoring tools and interventions being made with customers at much lower levels of play introduced during the period of lockdown.

Q. On reflection, what would you say has been the principal success in the year?

A. The overriding success of the past year has been a growing confidence within the business of the opportunities open to the Group. In autumn 2018, we set out on a transformation programme to turn around the fortunes of the Group. The programme has delivered a framework for growth by providing a rigour to the Group’s planning and implementation of key initiatives. Not everything has gone according to plan, it never does, but most things have and the results have driven a growing confidence that I am certain will survive the current crisis and see the Group thrive when our venues fully reopen to entertain our customers free from social distancing capacity constraints.

There have been many successes in financial year 2019/20, the successful acquisition of Stride and the progress being made on its integration into the Group, the strong growth rates being delivered in our Grosvenor and Mecca digital businesses, the return to growth of Grosvenor venues and the excellent returns we have been seeing on capital investment in the customer proposition, a renewed energy in Mecca to increase the relevance of the customer offering within the local community, strong growth in Enracha, the return to growth of the YoBingo business in Spain and strong growth in our Belgian casino before lockdown. Most importantly of all in terms of successes has been the growing management capability within Rank. We are a hospitality business and our strength is our people. I am immensely proud of the drive and initiative of my colleagues across the Group and their commitment to both entertaining and, at this unprecedented time, supporting our customers.

Q. It has been an unprecedented time, looking back at the last few months what are your thoughts on how the Group has navigated through the COVID-19 crisis and what do you see as the impact going forward?

A. The amazing initiative and innovation shown by colleagues during lockdown will underpin the successful re-emergence of the Group from the COVID-19 crisis. From our community kitchens in Mecca and Grosvenor venues, delivering thousands of free meals every week, to online bingo rooms for individual Mecca club customers to chat with their friends and play bingo for free, to our Mecca Friend programme in which colleagues called regular customers just to check in to make sure they have been successfully handling lockdown, our colleagues have demonstrated what top class hospitality people do best, and that is looking after people, making sure they have whatever support they need and are having fun. Our role as the leadership team is to ensure that we have a laser focus on the experience of our customers and of our colleagues as our venues reopen for business. Central to the success of reopening our venues are the protective measures we are taking to ensure a safe environment for our colleagues and our customers. Social distancing measures present us with challenges, but we typically operate large venues with limited physical capacity constraints and we are confident that with the right support, our colleagues will ensure our customers return to once again enjoy the experience.

Q. As we enter the new financial year, what do you see as the Group's priorities for the short to medium term?

A. Here in the UK, the Government has announced a review of gambling legislation. The 2005 Gambling Act introduced eight new small casino licences and eight new large casinos. The expectation at the time was that if these venues, with significantly more gaming machines than a casino licensed under the 1968 Act, and, in the case of large casinos, sports betting facilities, proved not to increase the risk of problem gambling, all casinos would be harmonised onto one set of licensing conditions. Whilst the new legislation is likely to focus more on the changes within online gambling since the 2005 Act was passed, we will be seeking to demonstrate to Government the benefits to the consumer, to tourism and to the Treasury of changes which will enable investment into the UK casino estate.

The efforts to drive scale in our digital business have certainly helped the Group during the COVID-19 crisis. The continued growth in Mecca and Grosvenor online, the success of the Grosvenor One omni-channel service for our venues customers and the acquisitions of YoBingo in Spain and Stride in the UK have significantly increased the share of the Group's revenues taken online. This trend will continue going forwards. We are well advanced with the development of the Stride platform and anticipate beginning the migration of the Rank brands in the coming 12 months. Having proprietary technology in-house will also help us accelerate our development programme to further improve our customer offering and to begin driving growth in new markets.

From a financial perspective, it will take some time for the Group to fully return to where we were heading coming into this crisis. However, we entered with a strong balance sheet which, along with the huge support from Government, has enabled us to withstand the long period of closure and navigate our way through. No doubt we will be in a different competitive environment as we emerge from the COVID-19 crisis, an environment which will throw up opportunities. The focus of our planning has been centred on ensuring our venues can quickly pick up where they left off so that the Group can restore strength to its balance sheet, provide returns to our shareholders for their continued support and invest in, and take advantage of, the opportunities available to us to grow and develop our business.

John O'Reilly
Chief Executive

Trans

2019
Transformation
journey begins

2020
Delivery of key cost
initiatives and focus
on revenue growth
opportunities

Key achievements of our transformation programme

Through our transformation programme, we are creating more exciting, entertaining and safe environments and experiences for our customers. To achieve this we are focused on initiatives that drive revenue growth, cost efficiencies and improved ways of working.

form

+11%

Pre-COVID-19, Group underlying net gaming revenue ("NGR") grew by 11% driven by strong Digital, Grosvenor venues and International venues performances

+61%

Cost initiatives delivered through the transformation programme, alongside strong NGR growth, delivered a 61% increase in like-for-like ("LFL") underlying operating profit, pre-COVID-19

£19m

£19m of annualised cost savings delivered from the new casino operating model

2023

£1bn

Rank becomes a £1bn revenue international gaming company by consistently exceeding our customer and shareholder expectations

2021

Refocus on developing the Group's revenue growth post-COVID-19

Creating value

Our comprehensive and consistent business model has a proven track record for success, meaning we are well placed to continue to deliver value to our stakeholders as we emerge from the COVID-19 pandemic.

Our inputs

Robust balance sheet

On entering the COVID-19 pandemic, our balance sheet was strong and has supported the business well during the temporary closure of our venues.

Inspiring people

We employ 8,500 talented and dedicated individuals who have a desire to create the best experiences for our customers.

Extraordinary venues

We have a portfolio of 140 venues that provide entertaining and exciting experiences.

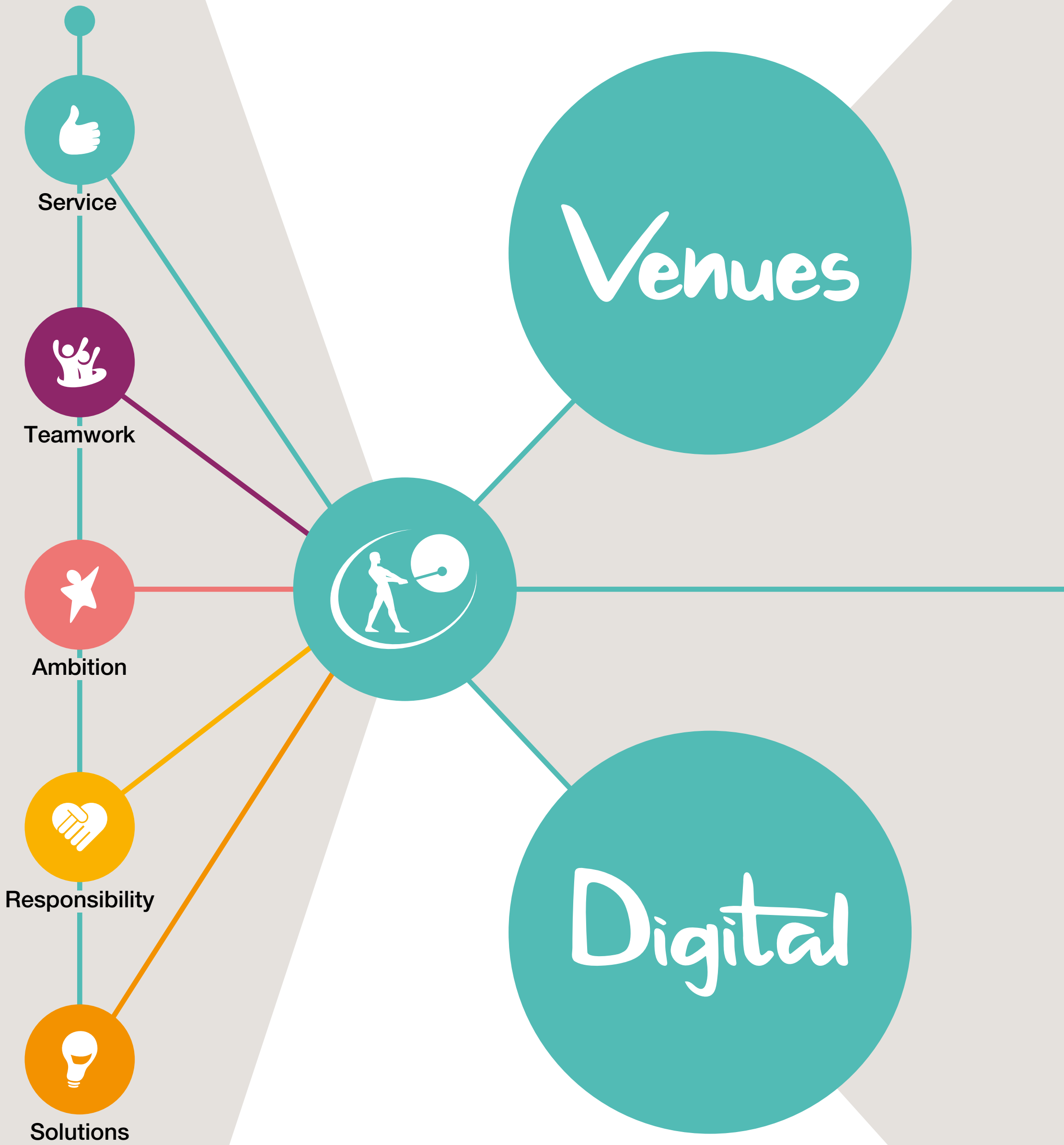
Strong relationships

Our relationships within the communities we serve and with our suppliers form a vital part of our strategic plans to deliver a quality product and service to our customers and the ability to adapt quickly to changes in our operating environment.

Technology

The customer is at the heart of our business, so we invest in and introduce new technologies to maximise efficiency and ensure our customers have better experiences. The newly acquired Stride platform is key in delivering this through digital channels.

Our Values



What we do and how we do it

360-degree player protection

Our three lines of defence model, involving our front-line colleagues, our compliance team and our internal audit team, seeks to ensure that we are taking the appropriate actions to protect our customers.

Single wallet

We have made things easier for our customers by creating a single wallet they can use both in-casino and online.

Seamless and instant journey across digital and venues

By focusing on our well-known brands which have a strong affinity with our customers, we strive for our digital and venue experiences to be consistent.

Cross-brand convenience

Our operating structure means we are strategically aligned to promote innovation across all of our brands and channels.

Underpinned by our STARS values

Our five STARS values are at the core of everything we do. In delivering these values, we can achieve our purpose and fulfil our collective ambition.

Creating value for

Our customers

We create value for our customers by providing them with market-leading gaming experiences, meeting their expectations through our digital, venue and multi-channel offers.

Our people

We provide our talented and dedicated individuals with rewarding and fulfilling careers, ensuring that their behaviour is aligned with our Company values.

8,500 employees

Our communities

We provide additional value to the communities we serve through our ‘operating responsibly’ programmes by providing social contact for local communities, local community initiatives and our charity partnership with Carers Trust.

£0.3m donations and charitable funds raised

Our shareholders

Through focused investments to meet our customers’ needs, we generate returns for our shareholders.

2.80p dividend per share

Governments

The value we create goes back into the economies where we operate.

£178.1m generated for tax authorities and local governments

Engaging with stakeholders

Engaging with and understanding the needs of our stakeholders helps us to identify and focus on the issues that matter most to them. As we enter a new financial year in the midst of a global pandemic, balancing their respective needs and expectations has never been a more important or challenging task. Our Board is committed to maintaining open channels of communication with all our stakeholders.

We have provided an overview of the interests of six key categories of stakeholders and examples of the ways in which the Board and the Company acted with regard to these groups when making decisions and shaping the strategy and transformation initiatives throughout the year. Further details on how the views of our key stakeholders were considered as part of the Board's decision-making process and how the directors' duties were discharged under section 172 of the Companies Act 2006 can be found on pages 82 to 84. Our section 172 statement can be found on page 77.

	Stakeholder	Key areas of interest	Examples of engagement during the year
Customers	Ensuring our customers are at the heart of our decision-making is crucial to the Company's strategy. Understanding their changing needs and behaviours helps us to ensure that our offering remains current and appealing.	• Player protection • Customer experience • Relevance of offering	**Company** In addition to hosting and serving our customers each and every day, we regularly, and formally, engage with them through quantitative and qualitative research to seek their views, opinions and insights into how we can improve our product, services and user journeys and experiences to better meet their needs and wants. We also proactively communicate to, and interact with, customers on the topic of safer gambling; examples of new initiatives introduced during the year to provide additional protections for vulnerable customers are set out on pages 45 to 46. During the past year consumer research has provided key insights that have underpinned changes to the customer proposition within Mecca venues, the further development of the Grosvenor One omni-channel experience and new products such as new electronic roulette terminals and game content in Grosvenor and new online products such as Premier Bingo Jackpots, Perfect Strategy Blackjack and the new Mecca content management system and front end web and mobile interfaces. **Board** The Board has monitored the delivery of safer gambling initiatives through the safer gambling committee (please see page 102) and also via reports and presentations from the chief executive and from other members of senior management. Updates on customer insights from ad hoc and ongoing research initiatives were discussed by the Board in the context of key transformation initiatives. A specific example is the recently opened Pier Nine in Brighton. This new casino concept has been developed from insights derived from quantitative and qualitative research within the local Brighton catchment area. Branding, design, floor layouts, the food and beverage offering, graphic styles and customer language were drawn from, and tested in, consumer research. Further quantitative research was carried out post opening to understand how well the concept met customer needs. This was discussed and reflected on by the Board and influenced decisions regarding further development work to enhance the Pier Nine casino. **COVID-19 engagement** Our focus during the COVID-19 pandemic lockdown has been to ensure that we provide additional protections for vulnerable customers. During the lockdown, the Board received updates on, and discussed, communications and engagement with our customers. Customers have also been at the heart of our planning for reopening. We undertook quantitative research to understand customer sentiment, which provided a good indication of how likely they were to return and the key concerns that we needed to address to encourage them to visit once able to do so. The research highlighted a need to focus on reassuring customers of the safety measures that we have put in place and informed both our operational approach and communication plans. Our reopening plans were discussed in detail by the Board and by the COVID-19 sub-committee of the Board that was specifically set up to support management in developing and reviewing such plans and associated reopening challenges. Post reopening, all social channels have been monitored to gather feedback on how our actions are meeting our customers' expectations, and regular customer surveys are in place to understand how well we are delivering and to identify any areas that we need to address from a customer perspective.

	Stakeholder	Key areas of interest	Examples of engagement during the year
Our people	We depend on the passion and commitment of our colleagues to implement our strategy and ensure our customers are served in the best possible way. Engaged colleagues are the best ambassadors for our business.	• Working environment • Safer gambling • Career development and progression opportunities • Inclusion & diversity • Amplifying the employee voice • Effectiveness of communications • Remuneration and benefits	**Company** Our people are the heart and soul of the business and central to its success. We ensure there are ongoing forums throughout the year that enable the exchange of opinion between employees and the sharing of views with the executive and with the Board. We use monthly Town Hall meetings, which are broadcast to all locations around the world via the web and are available for subsequent review, as a means to communicate with our employees and encourage their participation. The chief executive responds to live questions in the Town Hall meetings. We also conduct a twice-yearly employee opinion survey against which we track sentiment and the engagement of our colleagues. Further information about the ways in which we have engaged with our employees during the year can be found on pages 49 to 50. **Board** Properly incorporating our colleagues' views into Board decision-making is essential to the culture change programme that forms part of our transformation. During the year, the Board gained an understanding of the views of our people through visits to our offices and venues (please see page 84), Board presentations, reports from the non-executive director responsible for workforce engagement (please see page 85) and reports from the executive directors and Group human resources director. The results of employee feedback, obtained via the use of employee opinion surveys, were also shared with the Board. The Board approved a new confidential whistleblowing hotline during the year, to which all employees have access. **COVID-19 engagement** During the COVID-19 lockdown and subsequent reopening of our offices and venues, the Board and senior management were acutely aware of the need for continued engagement. New social media forums were established for Grosvenor and Mecca colleagues to express views and share news. These also became useful for explaining furlough arrangements and the latest government guidance during lockdown. Importantly, colleagues were kept out of furlough in order to ensure that the business was able to maintain regular contact with those colleagues who had been furloughed, to check on their welfare and wellbeing.
Communities	We engage with the communities where our customers and colleagues live and are committed to making a positive contribution. We rely on a strong, positive connection with local communities.	• Charitable initiatives and contribution to society • Reputation • Employment	**Company** Community links are as important to Rank and its people as they are to our customers. Our venues are community hubs in which people spend leisure time and engage and interact with other customers and with our colleagues. The strength of our business is in part due to the long-term trust and relationships which exist between our colleagues and customers, who very often will have known each other for many years. During the year we were delighted, with the help of our customers, to continue to support the Carers Trust; more detail about our relationship with the Carers Trust and ways we have worked together during the year can be found on page 56. **Board** Regular updates were provided to the Board about initiatives adopted by Rank that affect local communities and the impact on local communities is considered by the Board within its decision-making. For example, the Board was actively engaged in the decision to introduce local community bingo rooms on Meccabingo.com during lockdown so that Mecca's customers could meet online, play free bingo and chat with colleagues from their local venue. **COVID-19 engagement** The Board, executive and our colleagues were proud to participate in specific initiatives during the COVID-19 lockdown including providing meals for emergency service and NHS workers, support for local vulnerable people, free car parking facilities for NHS workers and many other activities to ensure that we were contributing to the national effort within our local communities. Further examples of how we did this can be found on page 57.

Stakeholder	Key areas of interest	Examples of engagement during the year
Regulators and legislators Regulators and legislators play a key role in shaping the gambling landscape and an ongoing open dialogue is essential to ensure we better understand the expectations underpinning regulation and that regulation is founded in an understanding of the customer. Unintended consequences of regulation can adversely impact our ability to offer the best experience to our customers.	• Compliance with laws and regulations • Safer gambling • Affordability • Policy • Contribution to the shaping better regulation	**Company** Throughout the year, we have continued to build relationships and ensure an open dialogue with regulators, government officials and local authorities. Regular meetings and communications take place between our compliance team and the UK Gambling Commission, as well as with other bodies by whom we are licensed. In addition, during the year, the chief executive has engaged with MPs, peers and government officials, including appearing before the House of Lords Select Committee regarding the social and economic impact of the gambling industry. We have actively participated in submissions for calls for evidence and consultations with the UK Gambling Commission and are active members of the Betting and Gaming Council and the Bingo Association. **Board** The chief executive and director of public affairs provide regular reports to the Board on regulatory and policy-related matters. A particular focus has been, and will continue to be, the UK Government's forthcoming review of gambling legislation, the first review since the 2005 Gambling Act. Significant communications from regulators in relation to our operations are discussed at the audit committee in line with its responsibilities and the executive directors also update the Board as relevant. In addition, the safer gambling committee assesses delivery of compliance with the Licence Conditions and Codes of Practice and safer gambling initiatives through the submission of, and subsequent delivery against, the UK Gambling Commission's Annual Assurance Statement. **COVID-19 engagement** Following the COVID-19 pandemic outbreak, we have held meetings and/or corresponded with Department for Digital, Culture, Media and Sport ("DCMS"), HM Treasury, Department for Business, Energy & Industrial Strategy ("BEIS"), Public Health England, devolved administrations in Scotland and Wales and the Home Office in our efforts to present the impact of the closures of our venues on our stakeholders, and our reopening plans. This included hosting representatives from Public Health England, the Cabinet Office and the DCMS at one of our Grosvenor venues in order to demonstrate the safety measures that we have implemented.
Shareholders and investors The Board is committed to maintaining an open dialogue with our shareholders and ensuring that it has a deep understanding of their views.	• Strategy, performance and outlook • Leadership capability • Executive remuneration • Corporate governance	**Company** We adopt a proactive approach to investor relations. During the year the executive team held numerous shareholder meetings as part of a comprehensive programme of regular contact and consultation. More information about this programme can be found on page 86. **Board** During the year, the chair met with several of our larger shareholders following his appointment to enable him to understand the views held on a number of important considerations for the Board. In addition, the chair of the remuneration committee carried out a consultation process with our larger shareholders on the proposed new remuneration policy published in the directors' remuneration report. Key shareholder publications during the year included the annual report, the full-year and half-year results announcements, various trading updates and other press releases. The AGM provided the opportunity for the Board to engage directly with shareholders and enables all shareholders to vote on Company resolutions. For more information, please see page 86. **COVID-19 engagement** Our communications with shareholders increased during the COVID-19 lockdown in order to ensure full transparency around the impact of lockdown and the closure of our venues on the Company's financial position.

	Stakeholder	Key areas of interest	Examples of engagement during the year
Suppliers	We have more than 900 suppliers, ranging from small businesses to large multinational companies. We aim to operate to the highest professional standards, treating our suppliers as key business partners and operating in a fair and reasonable manner.	• Payment terms • Fair trading • Robustness of our business • Long-term partnerships	**Company** We have a dedicated procurement function which engages with our suppliers with the aim of optimising the way that we work with them. We build relationships regionally and locally with our suppliers to better understand the markets from where we source products and services. **Board** Arrangements with major suppliers are approved by the Board in line with our delegation of authority. In addition, the Board approved the Group's Modern Slavery Statement, which can be found on www.rank.com, and confirmed that it was comfortable with the Group's procedures to prevent bribery. **COVID-19 engagement** During the year, we continued to build our strong and effective partnerships through regular communications, the benefit of which was evidenced during the COVID-19 pandemic when the business was able work with many of its partners to ensure a pragmatic approach to the challenges being faced by us and them. We also worked with our suppliers in support of the national effort including the provision of food and delivery services for meals for emergency service workers. This approach to supplier management during lockdown was reviewed by the Board by means of reports from the chief executive.

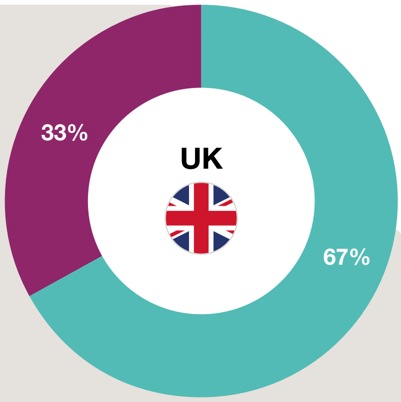
Our key markets

Concentrated focus on the UK and Spain with online and offline casino and bingo offerings. The Stride and YoBingo acquisitions have delivered the capabilities to extend our international reach in the coming years.

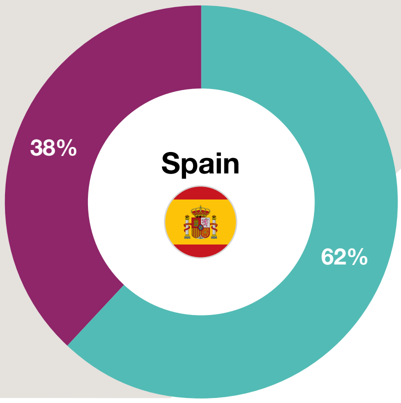
The Group principally operates in the UK and Spanish markets.

The Group operates a total of 140 venues.

Rank holds digital licences in the UK, Alderney and Spain.



Rank NGR/£m
- Venues
- Digital including pre acquisition performance of Stride



Rank NGR/£m
- Venues
- Digital

COVID-19 response

The COVID-19 pandemic has had a significant impact on not only Rank, but the market space as a whole. See the COVID-19 sub-committee update for more detail on page 84.

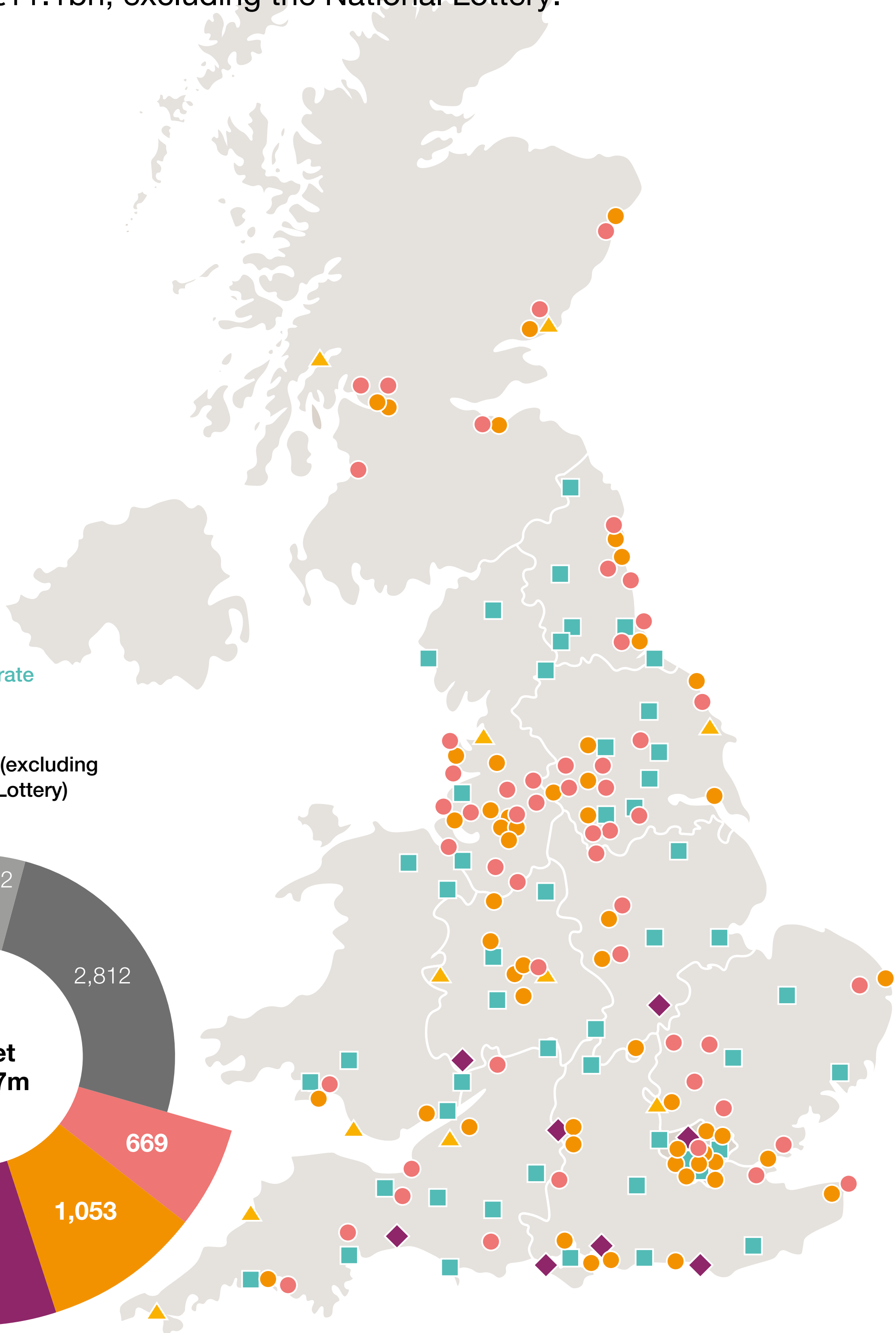
* Rank also operates one casino in Belgium and, through a joint venture, online rummy in India.

United Kingdom

The UK gambling market is one of the largest and most mature regulated gambling markets in the world. The size of the UK gambling market is £11.1bn, excluding the National Lottery.

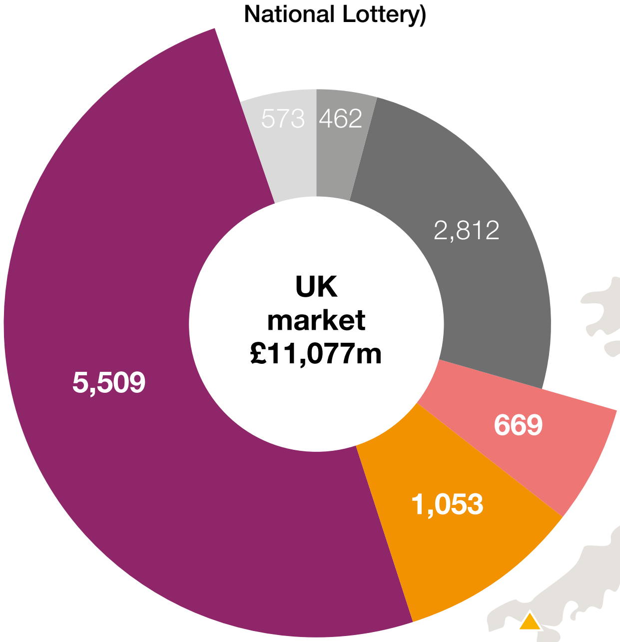
Rank UK venues
- Grosvenor venues (casino)
- Mecca venues (bingo)

Permitted areas
- 1968 Act casino licence
- Large 2005 Act casino licence
- Small 2005 Act casino licence



Markets in which Rank operates
- Online
- Casinos
- Bingo

Markets in which Rank doesn't operate
- Arcades
- Betting
- Lotteries (excluding National Lottery)



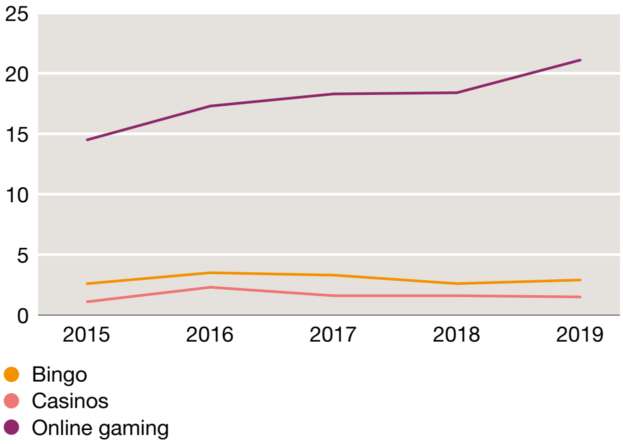
During the year there were a variety of UK regulatory changes, the key changes being:

- Following a consultation the UK Gambling Commission ("UKGC") now requires licensed gambling operators only to use Alternative Dispute Resolution ("ADR") providers who meet their new standards as well as the requirements of the ADR Regulations (October 2020);
- Updated formal guidance for customer interactions issued (October 2019);
- The EU 5th Money Laundering Directive became effective (January 2020);
- All digital operators required to participate in the multi-operator self-exclusion scheme (March 2020); and
- Credit card ban for digital customers introduced (April 2020).

The following measures were also introduced in response the COVID-19 pandemic for digital operators:

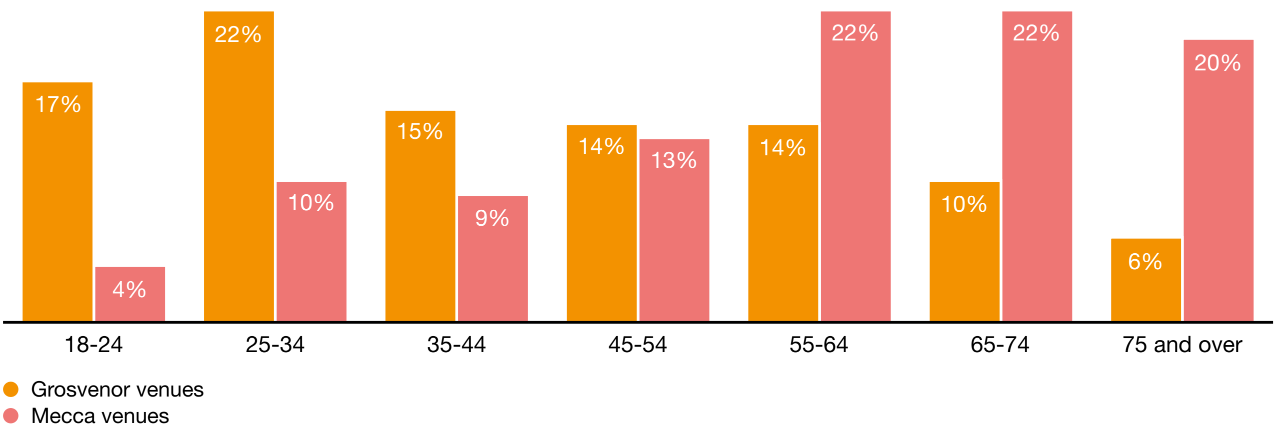
- Betting and Gaming Council ("BGC") issued its 10 Safer Gambling Pledges;
- Voluntary TV advertising ban for six weeks;
- Introduction of "reality checks" for players;
- Removal of ability for customers to make a reverse withdrawal; and
- A review of thresholds and triggers to identify customers with emerging vulnerabilities.

Gambling participation from 2015 to 2019, 2019 Gambling Commission report (%)

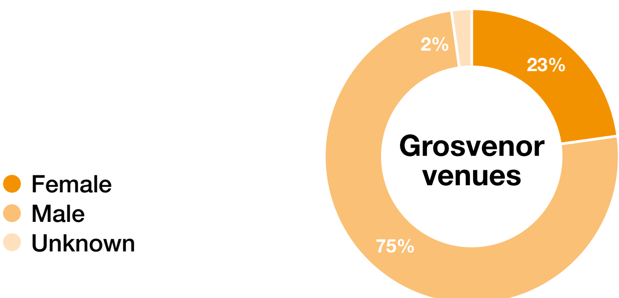


As shown in the latest Gambling Commission's participation report, gambling participation has remained stable in 2019 compared to 2018. With 47% of respondents having participated in at least one form of gambling. By age, the highest level of gambling participation was found amongst the 45-54 age group, however, excluding the National Lottery, the age group with the highest level of participation was amongst 25-34 year olds.

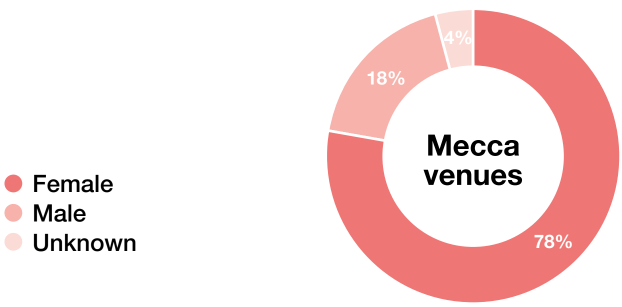
Demographic data – Rank venues



Grosvenor venues – gender split of visits



Mecca venues – gender split of visits



Venues

Grosvenor Casinos

Licences

Grosvenor Casinos holds 79 casino licences, of which 71 are operating across 52 casino venues. Across Great Britain there are a total of 189 casino licences, nine under the 2005 Act and 180 under the 1968 Act, of which 157 are operating.

New casino premises licences issued under the 2005 Act will fall into one of two categories – large casino premises licence or small casino premises licence. Each category attracts different licensing conditions.

Machines

All 52 Grosvenor Casinos, apart from its casino in Luton – a 2005 Act casino, operate under Gaming Act 1968 licences. These licences allow a maximum of 20 machines which can be any machine category B to D (except B3A machines), or any number of category C or D machines.

Across our Grosvenor Casinos estate we have a total of 1,367 B1/B2 machines, 236 B3/C/D machines and 1,624 electronic roulette terminals.

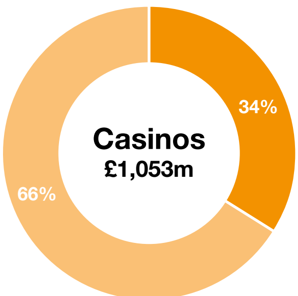
Tax

Casinos in the UK are subject to casino duty (from 15% to 50%) on casino games and poker and machine gaming duty (20%) on gaming machines. Further detail can be found on page 66 in the tax fact file.

-2%

Overall market growth

- Rank's Share
- Other operators



UK Gambling Commission, GGR for the year ended 30 September 2019

Mecca

Licences

There are 325 licensed bingo venues operating in Great Britain, excluding holiday parks and arcades, of which Mecca operates 77.

Machines

A licensed bingo venue can offer B3, B4 and category C and D machines. The number of B3 or B4 machines is restricted to 20% of the total number of gaming machines provided in the venue. The number of category C and D machines can be unlimited.

Across our Mecca estate we have a total of 2,011 B3/B4 machines, 2,809 C/D machines and 12,186 electronic bingo terminals.

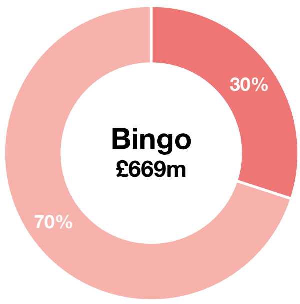
Tax

Bingo in the UK is subject to bingo duty (at 10%) on main stage and interval bingo and machine gaming duty (between 5% and 20%) on gaming machines. Further detail can be found on page 66 in the tax fact file.

-1%

Overall market growth

- Rank's Share
- Other operators



UK Gambling Commission, GGR for the year ended 30 September 2019

Machine stakes and returns for casino and bingo venues

Machine category	Maximum stake	Maximum prize
B1	£5	£10,000
B2	£2	£500
B3	£2	£500
B3A	£2	£500
B4	£2	£400
C	£1	£100
D (different variants)	10p to £1	£5 to £20

Digital

Until November 2014, the UK had an open-market approach towards digital gambling which allowed UK licensed operators and those from the European Economic Area to offer online gambling to British customers. From 1 November 2014, an online gambling operator must hold a licence from the UK Gambling Commission if it wishes to offer online gambling to British customers.

UK digital operators are regulated by the UK Gambling Commission who provide guidance to UK digital operators regarding the Gambling Commission's Licence Conditions and Codes of Practice ("LCCP").

There are 648 UK licensed operators offering casino, betting and bingo online.

Licences

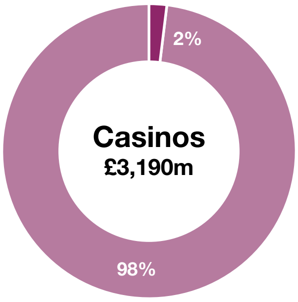
Rank operates its UK customer facing digital business through Alderney and UK online gaming licences.

Tax

UK digital revenues are subject to remote gaming duty at 21%.

+7%
Overall market growth

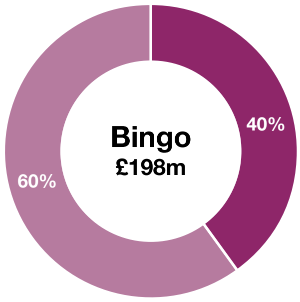
- Rank's share
- Other operators



UK Gambling Commission, GGR for the year ended 30 September 2019

+11%
Overall market growth

- Rank's share
- Other operators



UK Gambling Commission, GGR for the year ended 30 September 2019

Spain

Spain is a decentralised market with 17 autonomous communities which principally supervise, regulate and license venues-based gambling activities in Spain. The online market is regulated at a national level.

Special COVID-19 measures were introduced in April 2020 for Spanish online operators. These measures were aimed to curtail online gambling advertisements for the duration of lockdown and other forms of promotions.

Venues

Rank's Spanish venues business, Enracha, operates across three of the 17 autonomous regions.

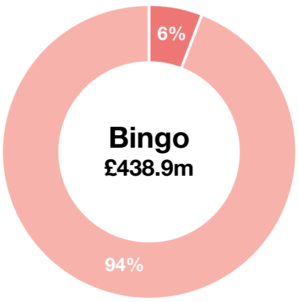
Due to the different regulatory regimes, the types of bingo vary between regions with most jurisdictions permitting both traditional and electronic bingo games.

Tax

The applicable taxation regime for bingo operations varies depending on the location of the bingo venue, as they are regulated individually by the autonomous communities.

The rate of tax on bingo games varies from 5% to 25%.

-51%
Overall market growth
- Rank's share
- Other operators



H2 Gambling Capital, 2020 estimates

Digital

Rank operates three online bingo brands in the Spanish market, Enracha, YoBingo and YoCasino. All operate through online Spanish gaming licences.

During the year Rank launched the YoCasino brand which operates casino games and was awarded an online Spanish Sportbook licence operated through the Enracha brand.

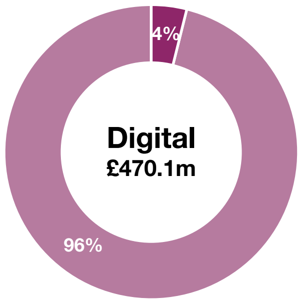
Licences

Rank's Spanish online gaming licences are regulated by The Direccion de Ordenacion del Juego ("DGOJ"), the main gambling authority at the state level.

Tax

Spanish digital revenues are subject to remote gaming duty at 20%.

+12%
Overall market growth
- Rank's share
- Other operators



H2 Gambling Capital, 2020 estimates

Our strategy

	1 Create a compelling multi-channel offer		2 Build digital capability and scale
What we said	• Enhancement to Grosvenor One customer sign-up and other user journeys plus increased focus on the customer benefits; and • Further development of an omni-channel Mecca service.		• Investment into and development of Grosvenor's sportsbook offer; • Develop a suite of proprietary games; • Launch of a Grosvenor daily retention game; • Continue with enhancements to customer user and payment journeys; • Automation and improvements to life cycle management and CRM more generally;
What we did	• Additional improvements to customer proposition delivered with improvements to sign-up promotions and offers for Mecca and Grosvenor; • Customer journey improvements to Grosvenor's single account and wallet, Grosvenor One, driving omni-channel customers up 43% in the year; • Single sign-up capability for Grosvenor One developed and expected to launch in Q1 2020/21 enabling customers to sign up once and have access to all channels and services; • Mecca digital sign-up in venues through Mecca Max terminals developed and expected to launch in Q2 2020/21; and • Enhanced digital experience across our Mecca venues including the introduction of a digital membership card.		• Acquisition of Stride Gaming plc ("Stride") for £116.0m was completed in October 2019; • Stride technology platform developed in preparation for the migration of Rank's digital brands in 2021; • Commenced the in-housing of third-party technology support, a key driver for achieving post Stride acquisition cost synergies; • Grosvenor's content management system migration completed in September 2019; • Dedicated resource now responsible for Grosvenor sportsbook focused on targeted marketing and operational improvements; • Launch of proprietary games in the year – Buffalo Wild and Chilli Con Cash; • Successful Daily Retention Game ("DRG") launched across both Mecca and Grosvenor brands;
What we are going to do	• Continue development of Mecca's omni-channel offer including games accessible across channel.		• Further development of Stride's proprietary technology in preparation of the migration of Rank digital's legacy brands; • Migration of meccabingo.com onto the Stride platform; • New Grosvenor sportsbook site to be launched; • Mecca Content Management System migration planned for H1 2020/21;
Key performance indicator	**Mecca** **40k** **(2019: 34k, +18% change)** multi-channel customers	**Grosvenor** **68k** **(2019: 47k, +45% change)** multi-channel customers	**Digital net gaming revenue** **£196.2m** **(2019: £118.5m, +66% change)**

	3 Continuously evolve our venues proposition	
• Launch of YoCasino.es and YoBingo.pt; • Complete the migration of Grosvenor's customer base to the new CMS and commence the migration of Mecca's customers; and • Successfully conclude the acquisition of Stride Gaming plc and commence its integration with Rank Digital.	• Open a new casino concept at our Brighton venue; • Continue to upgrade casino slots estate across all venues; • Investment in a new outdoor customer facility at the Victoria casino incorporating live gaming; • Accelerated programme of development in the Grosvenor estate based upon leanings from recent investments;	• Roll out of three standalone Enracha Stadium concept venues; • Additional initiatives to modernise the Mecca brand and product/service offering; and • Further development of Mecca's bingo and cashline offer.
• Numerous customer journey improvements delivered in the year – from registration to first time deposit, incorporation of improved safer gambling controls and launch of new cashier; • CRM automation progressed in the year with a focus on early life stage depositors based upon improved customer modelling; • Appointment of key hires in Yo to improve management capability; • Investment in YoBingo operations – diversification of marketing channels, development of customer relationship management tools and product improvements; and • Launch of YoCasino.es in Spain.	• New concept casino, Pier Nine, in Brighton opened in December 2019 aimed at providing a more exciting and entertaining casino experience with a wider and more relevant non-gaming offer; • Investment into new electronic roulette terminals and curve gaming machines deployed across the Grosvenor estate delivering good returns; • Investment in new hardware to enhance Grosvenor's gaming machine progressive offer contributing to strong machines performance; • An improved outdoor customer terrace at Grosvenor's flagship casino in London, the Victoria casino, was completed in August 2020 now providing its customers with an upgraded outdoor gaming facility;	• Key investments across the casino estate were completed in the year, including new external signage at Reading Central and refurbishment of the Rialto casino in London; • Mecca customer proposition developed in the year with more main stage bingo and a reduction in interval games alongside a greater emphasis on more attractive linked venue prize pools, bingo centric entertainment and an enhanced food and beverage offer; • Mecca successfully launched its new cashline game, Win Fall, creating more in club winners; • Four Enracha venues underwent refurbishments focused principally on improving the gaming machine offer; and • A new Enracha venue in Girona, with a greater focus on electronic gaming and sports betting, was opened in August 2020.
• Complete CRM automation; and • YoBingo.pt to be launched in Portugal in H2 2020/21.	• Planning for further investments in product, technology and facilities across the Grosvenor estate to be implemented as cash headroom permits; • Introduce hourly bingo sessions to maximise Mecca capacity and provide an alternative to historic peak sessions;	• Introduce a timetable of non-gaming activity, e.g. quiz and comedy nights into Mecca to attract new customers not being serviced by other space restricted leisure operators; and • Increase food and beverage promotional activity, e.g. Beer and Gin Festival, to attract new customers and take advantage of available capacity in Mecca.
No of digital players 984k **(2019: 600k, +64% change)** only includes Stride's proprietary platform customers	Number of clubs received investment in the year 12 **(2019: 21, -43% change)**	

Our strategy

4 Consistently improve our customer experience through innovation

What we said

- Launch of Ticket In Ticket Out ("TiTo"), technology which prints out a barcoded slip of paper and can either be redeemed for cash or inserted to play other TiTo machines, for casino table gaming;
- Extension of home delivery for food and drink from our non-London casino kitchens;
- Launch of an automated ticket vending machine dispensing pre-bundled bingo books;
- Installation of fixed Mecca Max positions to be trialled to improve customer experience;
- Go live with cross channel liquidity for Mecca; and
- Introduction of TiTo across all Mecca venues.

What we did

- TiTo for casino table gaming launched across the casino estate;
- ID scanning technology introduced in Grosvenor to accelerate benefits to membership, cross channel and safer gambling;
- An additional four casinos outside of London now participating in food and drink home delivery;
- Roll-out of task management software and hardware to Grosvenor to improve operating standards and deliver additional cost efficiencies;
- Trialled automated ticket vending machine dispensing pre-bundled bingo books which will be rolled out across Mecca during H1 2020/21;
- The roll-out of food and drink home delivery from Mecca's kitchens completed;
- Fixed larger screen Mecca Max positions were introduced in our Leicester venue which provide a more comfortable customer experience, further roll outs are scheduled for FY21; and
- TiTo was introduced across 23 key Mecca sites.

What we are going to do

- Ensuring we operate COVID-19 secure venues with measures to ensure social distancing and exceptional hygiene standards for our customers and colleagues;
- Increase use of cashless transactions in our venues;
- Deliver enhanced single customer view across all channels; and
- The launch of management dashboards providing near real time performance metrics across our venues.

Key performance indicator

Machine investments

£9.2m

(2019: £9.0, +2% change)

Mecca/Grosvenor/International

F&B investments

£0.2m

(2019: £0.3m, -33% change)

Mecca/Grosvenor/International

Table gaming/bingo investments

£2.2m

(2019: £2.5m, -12% change)

Mecca/Grosvenor/International

5 Be committed to safe and fair gambling

What we said

- Better target our customer interactions with those most at risk;
- Extend the Focal Research trial to include electronic roulette play and roll-out across the Grosvenor estate;
- Reduce our reliance on less sophisticated systems of triggers and alerts in our venues businesses;

What we did

- Safer gambling controls introduced to our gaming machines in venues for both time and spend to better help customers manage their play;
- Trial of algorithms to identify problem gambling at risk behaviour completed;
- Affordability models implemented across all digital brands;
- Centralised the management of all digital customer safer gambling interactions into our Customer Solutions Hub in Sheffield;
- Expert level training provided by GamCare to dedicated safer gambling team in Sheffield;

What we are going to do

- Develop and deliver further engaging and interactive safer gambling training across our digital and venues businesses;
- Review customer communications at key touch points throughout the customer journey to ensure safer gambling messaging and communications are embedded;
- Evaluate and review the newly implemented controls in Grosvenor venues to enable their enhancement and continuous improvement;

Key performance indicator

Number of customer interactions

Venues

17k

(2019: 21k, -19% change)

Digital

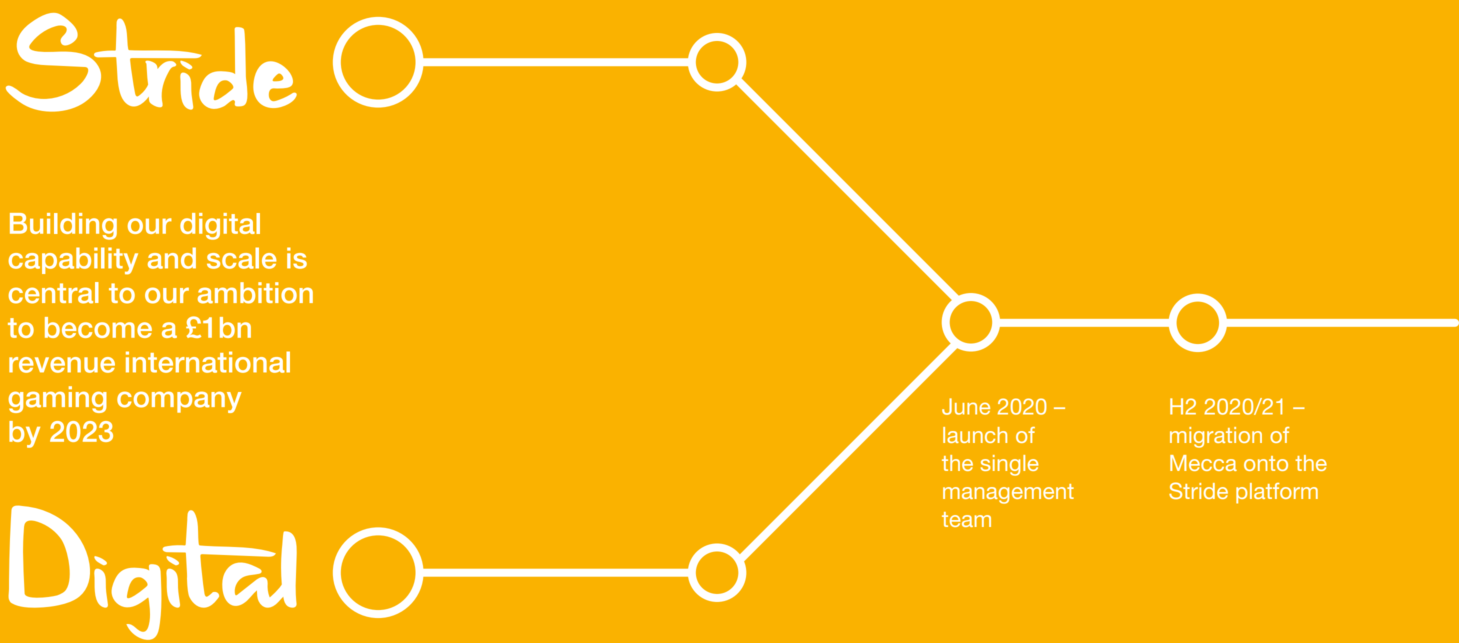
200k

(2019: 88k, +127% change)

	6 Within an environment which enables our colleagues to develop, be creative and deliver exceptional service	
• Further pursue the assessment of affordability risk, reducing our reliance on generic thresholds and those based only on financial metrics; and • Refresh and reinvigorate our approach to customer messaging to encourage safer gambling behaviour.	• Roll-out of Leading@Rank and Managing@Rank development programmes to enhance our employee development programmes; • Re-launch of a new Group intranet to improve engagement with, and communication of, key business issues; and	• Define and celebrate sub-cultures within the Group; and • Ensure our leaders take responsibility for role-modelling our values to drive cultural change.
• Further development of our safer gambling programme across our Grosvenor venues – improvements to customer affordability checks, creation of data led triggers for at risk customers and strengthened protections throughout the customer journey; and • Additional safer gambling protections implemented for our digital customers during lockdown including numerous pledges made in conjunction with the Betting and Gaming Council (“BGC”), even tighter restrictive measures implemented regarding markers of harms and restrictions to marketing activity.	• Leading@Rank and Managing@Rank implemented across all relevant colleague groups with activity continuing to account for new hires and internal promotions; • Group wide intranet, Get Connected, relaunched with enhanced discoverability and more regular news updates;	• Work commenced on defining sub-cultures across the Group to help create effective; and cohesive engagement across the different business segments; and • Created the opportunity during lockdown for colleagues to contribute to the national effort by cooking meals for emergency service and NHS workers and to provide a range of other community support.
• Continue to invest in, and implement, new player protection tools on machines and electronic bingo terminals in Mecca venues; • Continue to develop a single-customer view to allow automated assessment of holistic customer risk across channels and brands; and • Further evolve protections for customers across our digital platforms and brands, to ensure robust controls are applied consistently for all customers.	• Continue to develop team briefings e.g. Town Hall updates and ensure there is clear communication of the Group’s priorities; • Continue to develop a high-performance culture; • Continue the work on defining sub-cultures across the Group to help create effective and cohesive engagement across the different business segments;	• Focus on improving colleague’s well-being by empowering leaders and managers to effectively engage with their teams and to talk more openly about issues, including mental health; and • Continue to deliver the Group’s inclusion and diversity strategy, including the annual calendar of events and specific interventions, such as building on our group of Diversity Champions and Mental Health First Aiders.
	Employee engagement score 73% **(2019: 66%, +7ppt change)**	**Number of average training hours per employee** 39k **(2019: 38k, +3% change)**

Integr

Digital integration plan



Building our digital capability and scale is central to our ambition to become a £1bn revenue international gaming company by 2023

Stride integration progress

In October 2019, we completed the acquisition of Stride Gaming plc for £116.0m to create more scale in our digital business; deliver cost and revenue synergies; and bring in-house proprietary technology – a key attribute in terms of accelerating growth both in the UK and internationally.

We have a robust and detailed integration plan to drive a successful integration of Stride's and Rank's digital businesses, ensuring benefits are maximised

£2.0m

Cost synergies achieved in this financial year

£15.0m

We expect to deliver cost synergy benefits of £15.0m per annum, £2.0m more than originally expected

- H1 2021/22 – migration of Grosvenor brand onto the Stride platform
- Dec 2021 – complete migration of all brands onto the Stride platform
- Dec 2021 – all operating model synergies realised
- Increase customer acquisition marketing investment underpinned by strong return on investment analytics

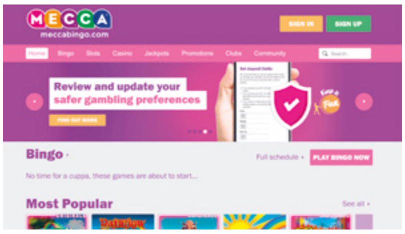
Digital

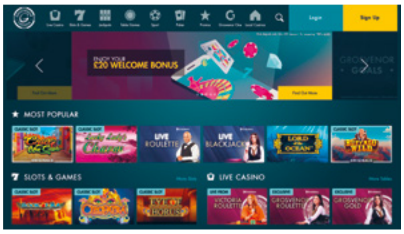
Rank's digital business delivered a strong performance in the year, with like-for-like net gaming revenue ("LFL NGR") up 23%.

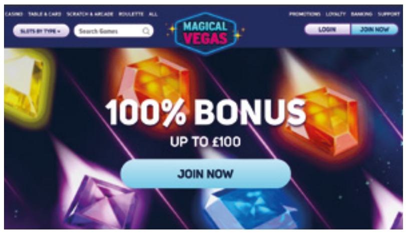
Key financial performance indicators

£m	2019/20	2018/19	Change
LFL NGR	**145.3**	118.5	23%
Mecca	**76.5**	62.2	23%
Grosvenor	**52.4**	42.4	24%
Enracha	**1.0**	0.9	11%
Yo[1]	**15.4**	13.0	18%
Underlying LFL operating profit[1] pre IFRS 16	**26.9**	23.9	13%
IFRS 16	**0.1**		
Underlying LFL operating profit[1]	**27.0**		
Total NGR	**196.2**	118.5	66%
Mecca	**76.5**	62.2	23%
Grosvenor	**52.4**	42.4	24%
Enracha	**1.0**	0.9	11%
Yo	**15.3**	13.0	18%
Stride[2]	**51.0**	–	–
Total underlying operating profit	**28.7**	23.9	20%
Total operating profit post SDIs	**17.8**	20.2	(12)%

1. Before the impact of separately disclosed items ("SDIs").
2. Includes post-acquisition performance only from 4 October 2019.







Strong promotional activity and an increase in customer numbers drove Mecca's LFL NGR up 23% in the year. Following a successful first six months, LFL NGR growth accelerated in the second half of the year driven by increased customer demand during the UK lockdown and improved margins resulting from a greater bingo revenue mix.

Strong growth in Grosvenor's customer base helped deliver a 24% increase in LFL NGR in the year. Successful promotional activity and an increase in Grosvenor One customers contributed to the 35% increase in customer numbers. During the year, Grosvenor migrated onto a new content management system which helped expedite the delivery of overdue customer journey enhancements.

Grosvenor saw an increase in customer demand during the UK lockdown, with first time depositors up 17% on the first half of the year.

Average revenue per user fell in the year for both Mecca and Grosvenor due to growth in new lower spending customers and the introduction of enhanced safer gambling controls including rigid affordability checks and corresponding net deposit limits applied on a monthly basis.

Yo grew LFL NGR by 18% in the year following the development of a robust improvement plan and a strengthened management team to ensure its delivery. The plan is in its early stages, but key deliverables post launch included the launch of new improved gaming content, an increased focus on data-led marketing and the launch of YoCasino in December 2019. Yo recently received approval for operating online bingo in Portugal and its launch, subject to final regulatory clearance, is planned for H2 2020/21.

Total NGR grew by 66% following the contribution of Stride's performance following its acquisition on 4 October 2019.

Underlying LFL operating profit pre IFRS 16 was up 13% in the year despite an additional £6.2m of remote gaming duty following its increase to 21% in April 2019.

Total operating profit fell by 12% in the year principally due to the amortisation expense of £9.6m relating to the acquired intangibles of Stride.

Stride[3]

	2020/19	2018/19	Change
NGR/£m	67.1	73.6	(9)%

3. Pre-acqusition performance included.

Stride's NGR declined by 9% on a pro forma basis with a strong performance from its non-proprietary brands offset by a weaker proprietary brands performance following work to harmonise safer gambling controls across our digital business.

The successful integration of Stride is key in growing the Group's digital scale and capability. To ensure the right level of rigour and discipline is applied, the integration is being managed through the Group's transformation programme with over 100 initiatives to deliver approximately £15.0m of cost synergies.

Two key integration workstreams progressed well in the year, that being the implementation of a new operating model for the combined digital business and the required investment into the Stride platform in preparation for the migration of Rank's legacy digital brands.

The priorities for 2020/21 include the offshoring of Rank's digital customer support and back office functions to Stride's Mauritian operation and investment into Stride's Cape Town operations to further support Stride's London based development team.

Grosvenor Casinos

Grosvenor venues

£275.9m

LFL NGR

Like-for-like ("LFL") and total net gaming revenue ("NGR") fell by 18% following the closure of our Grosvenor venues from March 2020. Underlying LFL operating profit pre IFRS 16 fell by 19% due to lower NGR.

Total operating profit increased by 40% in the year. Impairment charges of £13.9m regarding five of Grosvenor's venues were offset by a £2.9m reversal of the prior year pay provision following the conclusion of the HMRC investigation into breaches of the National Minimum Wage regulations and £3.6m regarding the successful conclusion of a VAT reclaim in the year.

During the year, customer alerts were introduced for both time played and loss limits across gaming machines and electronic roulette terminals. Prior to the casinos in England reopening in August, a new customer entry control system was rolled out across all casinos following its successful trial earlier in the year. The system uses scanning technology to quickly capture the customer's identity on entry.

Further safer gambling enhancements were also implemented during lockdown and are outlined on pages 32 and 33 under our safe and fair gambling strategic pillar update and on page 46.

As highlighted at our preliminary results for the year ended 30 June 2019, Grosvenor is not able to measure customer visit numbers on a basis consistent with prior periods following staffing reductions under the new operating model. Following the roll out of Grosvenor's new customer entry control system we expect customer visit numbers will be reinstated as a reported KPI for the financial year 2020/21.

Key financial performance indicators

£m	**2019/20**	2018/19	Change
LFL NGR	**275.9**	338.0	(18)%
LFL operating profit[1] pre IFRS 16	**36.0**	44.7	(19)%
IFRS 16	**4.2**		
LFL operating profit[1]	**40.2**		
Total NGR	**275.9**	338.2	(18)%
Total operating profit[1]	**40.2**	44.9	(10)%
Total operating profit post SDIs	**32.8**	23.4	40%

1. Before the impact of separately disclosed items ("SDIs").

Mecca

Like-for-like net gaming revenue ("LFL NGR") fell by 30% principally as a result of the closure of our Mecca venues from March 2020.

Total NGR, which includes the contribution pre-sale of the five Mecca venues that were disposed of in the year, fell by 32%.

Prior to the closure of Mecca's venues good progress had been made on reducing Mecca's operating costs, however due to the loss of revenue during lockdown underlying LFL operating profit pre IFRS 16 declined 89% in the year.

Total operating profit fell by 76% in the year. Impairment charges of £15.7m regarding 41 of Mecca's venues and a property related provision of £10.2m were offset by a £1.8m profit on the disposal of five Mecca venues in the year, a £2.0m reversal of the prior year pay provision following the conclusion of the HMRC investigation into breaches of the National Minimum Wage regulations and £21.7m regarding the successful conclusion of a VAT reclaim in the year.

Key financial performance indicators

£m	**2019/20**	2018/19	Change
LFL NGR	**128.4**	183.7	(30)%
LFL operating profit[1] pre IFRS 16	**3.2**	30.0	(89)%
IFRS 16	**3.3**		
LFL operating profit[1]	**6.5**		
Total NGR	**130.7**	193.5	(32)%
Total operating profit[1]	**6.0**	28.6	(79)%
Total operating profit post SDIs	**5.6**	23.6	(76)%

1. Before the impact of separately disclosed items ("SDIs").

International

International venues

£35.5m

LFL NGR

Like-for-like net gaming revenue ("LFL NGR") for the 12-month period fell by 21% following the closure of our International venues in March 2020.

Underlying LFL operating profit before the impact of IFRS 16 fell by 42% due to reduced revenues.

Total operating profit fell by 64% in the year to £(3.3)m, with impairment charges of £8.3m regarding five of International's venues and other costs of £0.3m.

Key financial performance indicators

£m	2019/20	2018/19	Change
LFL NGR	**35.5**	44.9	(21)%
Enracha	**27.1**	35.3	(23)%
Blankenberge Casino	**8.4**	9.6	(13)%
LFL operating profit[1] pre IFRS 16	**5.4**	9.3	(42)%
IFRS 16	**0.1**		
LFL operating profit[1]	**5.5**		
Total NGR	**35.3**	44.9	(21)%
Total operating profit[1]	**5.3**	9.3	(43)%
Total operating profit post SDIs	**(3.3)**	9.2	(64)%

1. Before the impact of separately disclosed items ("SDIs").

Ada

Venues closed in
March 2020

89% of workforce
furloughed during
lockdown

Our actions during the COVID-19 pandemic

We are a values-led business, and our STARS values of service, teamwork, ambition, responsibility and solutions are what leads us to strive every day to improve our business, and ensure that we are able to adapt to our stakeholders' needs.

During the COVID-19 pandemic we understood our responsibility to contribute to the national effort during such an unprecedented time.

Our colleagues demonstrated that our venues are not just places to gamble, but valuable community hubs providing much needed support to key workers and vulnerable people in our communities.

- Quick and decisive action mitigated £25.0m of monthly cash outflows to £10.0m
- 50,000 free meals provided to carers and vulnerable people through Rank venues during lockdown
- Collaborated with local MPs to maximise volunteering efforts
- Rank colleagues volunteer to support Mecca customers

International and Mecca venues start to reopen in June and July 2020

Grosvenor's venues start to reopen from 15 August 2020

Operating responsibly

As a business we consider how our strategy and business model operates effectively alongside the changing environmental, social and governance ("ESG") trends and seek to position ourselves to benefit from these trends and/or manage and mitigate risks associated with them.

We have identified the following four key areas that are important to our business and how we operate responsibly – our customers, our people, our natural environment and our communities.

The chief executive sets direction in relation to these issues and governance thereof is managed through the executive committee. By operating responsibly, we aim to achieve sustainable growth and long-term shareholder value.

Key ESG areas of focus

Our customers

- Providing a safe, fair and enjoyable experience for all our customers
- Identifying the signs and minimising the impact of gambling-related harm for those customers who require our support
- Supporting research, education and treatment initiatives
- Celebrating a responsible approach to gaming across all channels

Our people

- Creating the right workplace culture
- Embracing inclusion and diversity
- Listening and responding to our colleagues through effective employee engagement
- Prioritising health and safety

Our natural environment

- Reducing our energy consumption, carbon emissions and water usage
- Responsibly sourcing throughout our supply chain
- Offering healthier food and beverage choices for our customers

Our communities

- Making a difference in the wider community through volunteering hours, donations and investment
- Building a strong and supportive partnership with Carers Trust

Our customers

We are committed to delivering the best possible experience to our customers, providing a service that is exciting and entertaining, as well as safe, fair and delivered responsibly. A key part of our strategy, and a critical enabler in Rank's ambition to become a £1bn revenue international gaming company by 2023, is building sustainable relationships with our customers by providing them with a safe environment in which to play, whether at our venues or online. We also continue to build our response to the risk of gambling-related harm, working on an ongoing basis to improve the way in which we identify and interact with those customers who show signs of problems with gambling, or who may be at risk of playing beyond an affordable level. We seek not only to comply with our regulatory requirements, but to embed safer gambling as a key driver of behaviour amongst our colleagues and for our customers.

2019/20 in review

The past year has seen a great deal of progress, particularly in relation to embedding a safer gambling ethos throughout the business. Colleagues have been encouraged to propose transformation initiatives with a particular focus on safer gambling, they have been provided with refreshed additional training and we have actively sought to ensure that safer gambling is considered as part of every conversation whether about product development, venue layout, marketing or the roll-out of new technology. Such progress is managed through a dedicated workstream within Rank's overall transformation programme, for which the venues managing director and digital managing director are joint sponsors, ensuring that the operations are themselves accountable for ongoing development and delivery of safer gambling initiatives. This work is in turn monitored by the safer gambling committee (please see page 102 for more information about the committee).

In terms of delivery, during the year we became the first bingo operator to introduce safer gambling controls, set time and spend limits on our slot machines, enabling our customers to better manage their play. We also completed the cross-operator, collaborative trial of algorithms developed in partnership with Focal Research to detect potentially at-risk customers (or "gambler of interest") in our casinos. The algorithms assess granular data on customer play and behaviour, allowing for a nuanced and data-driven approach to identification of risk of potential gambling-related harm. Following the trial we have worked in combination with other casino operators and Focal Research to develop further sophisticated algorithms that will allow assessment and detection of at-risk customers on our electronic roulette products. Data from the algorithms is delivered via an insightful dashboard, which has been rolled-out to all our Grosvenor venues.

Focal Research trial in numbers

- 5 year collaborative international research project
- 9 million+ data points used in Focal Research algorithms
- 856 Grosvenor customers contributed to the research
- 5 Grosvenor trial clubs
- 290 "gamblers of interest" identified

In Rank Interactive, we implemented an innovative affordability model that uses demographic and open source data to enable a risk-based approach to identify customers who may be playing to an unaffordable level. Interventions are delivered to customers identified by the model via dynamic safer gambling journeys based on the level of identified risk. We have also brought together the management of all safer gambling interactions for Rank Interactive within our specialist safer gambling team in Sheffield. This team has received expert-level, CPD-accredited training from GamCare and is able to provide a transfer service for customers directly to the National Gambling Helpline. During the year, following the completion of the acquisition of Stride Gaming plc in October 2019, we also implemented steps as part of ongoing integration work to harmonise safer gambling controls across the Rank Interactive business.

Following the closure of our venues as a result of the COVID-19 lockdown, we accelerated development work in a number of areas of safer gambling within our Grosvenor business, most notably in respect of implementing customer affordability checks at an earlier stage in the customer relationship. In addition to this we have devised novel, data-led automated “triggers” designed to identify at-risk customers with whom to interact. The initial “triggers” were launched in February 2020, however whilst our venues were closed, due to the COVID-19 lockdown, we evaluated their effectiveness and enhanced their performance. We also refined venues team procedures to strengthen the protections offered throughout the Grosvenor customer journey, accelerating the development of safer gambling environments in-venue.

During lockdown, we made a number of important pledges, developed in conjunction with the Betting and Gaming Council (“BGC”), to increase our safer gambling controls in digital to further protect those customers who may be at risk. We also implemented our own additional checks and balances, including lowering the thresholds that trigger interactions, switching off social media advertising outside of our own brand pages and leading with safer gambling messaging on the primary website banner for all sites. On 12 May 2020 the UK Gambling Commission (“UKGC”) issued its own new guidance for online operators to ensure that customers were further protected during lockdown, the requirements of which were swiftly implemented to the extent they were not already in place.

Safer gambling revolves around the manner in which our customers play and the way in which we, as colleagues, interact with our customers. As part of our venues reopening plans after the imposed COVID-19 lockdown, we considered in detail the layout and product offerings of each site and implemented steps that comply with government guidance and also provide assurance to customers that we are still able to interact with them in a meaningful way. More information about our response to COVID-19 can be found on page 57. Further information about our approach to health and safety can be found on page 51.

Collaboration

We continued to work closely during the year with other operators towards our shared objectives of improving safer gambling and player protection through the Bingo Association and the new trade association representing online and venues businesses, the BGC. Through the BGC, five core Safer Gambling Commitments were launched as detailed in the table below, each supported by a detailed action plan. These efforts were further advanced in January 2020, when the UK Gambling Commission announced the establishment of three industry working groups to tackle key challenges as part of a drive to further improve the regulatory framework. Rank contributed to the working group responsible for developing a code of conduct for high-value customers. We have also contributed to working groups focused on developing a single industry view of customers, to allow for a joined-up and collaborative approach to the reduction of harm. We are determined to continue to work closely with industry peers, the UKGC and key stakeholders to ensure that revised measures safeguard vulnerable customers whilst also ensuring that the overwhelming majority of our customers, who experience no gambling-related harm, are able to carry on enjoying their gaming experience with us.

BGC Safer Gambling Commitments

1. Prevent underage gambling and protect young people: prevent underage gambling on their platforms and introduce the most effective protections for early-stage customers of any age-restricted product category
2. Increase support for treatment of gambling harm: support the scaling up of treatment services across the UK by recognised treatment providers as part of a long-term strategic plan
3. Strengthen and expand codes of practice for advertising and marketing: develop and adopt the highest standards in marketing and advertising codes of conduct
4. Protect and empower our customers: introduce new player protections in product design and customer engagement, making it easier for people to gamble safely
5. Promote a culture of safer gambling: create a positive culture within both their businesses and the industry, where safer and well-controlled gambling is the norm

Safer gambling in the coming year

Rank is focused on delivering a further step change in its approach to safer gambling in the year ahead. We have the ambitious goals of creating a more sustainable safer gambling business model, continuing to embed a safer gambling culture throughout the Group and ensuring the business is future-proofed to handle regulatory change. Some of the key initiatives we intend to deliver this coming year are:

- Evaluating how we communicate at key touchpoints throughout the customer journeys to ensure safer gambling messaging and communications are embedded and woven in seamlessly and appropriately when customers interact with us.
- Reviewing and evaluating the new measures introduced to our Grosvenor casinos to ensure continuous improvement and enable benchmarking and taking the learnings from such evaluations and reviews to ensure we are providing best in class protections for customers in our venues.
- Continuing to pioneer innovative new safer gambling tools in our Mecca venues, including an algorithm and alert system which will be a first for the retail bingo industry in the UK.
- In digital, continuing to evolve, align and harmonise safer gambling controls across all platforms and brands and ensuring that we apply the strongest possible protections consistently for all of our customers.
- Further developing our approach to single-customer view, which will further improve upon how we assess and address customer risk holistically and automate much of the analysis across brand and channel in respect of customer safer gambling assessments.
- Embedding safer gambling throughout the career pathway for our colleagues and ensuring it becomes part of business as usual for colleagues in all job roles. Applying best practice learning from our UK venues and digital business, to our international businesses.
- Ensuring Rank businesses wherever they are in the world offer high-quality programmes for safe and fair gambling.

The planning and development for the next stage of Rank's safer gambling strategy will also begin this year as Rank seeks to define its vision for safer gambling beyond 2021.

Our customers KPIs

	Year ended 30 June 2020	Year ended 30 June 2019	Change
Customer interactions data regarding problem gambling (000s)	**17,321**	20,642	(16)%
Self-exclusions data	**3,426**	2,041	68%

Our people

Our people are core to delivering our purpose to excite and to entertain. We are committed to looking after our colleagues and enabling them to fulfil their potential. We aim to provide a fair, equal, respectful and safe workplace, rewarding and recognising success, irrespective of gender, ethnicity, religion, age, sexual orientation or disabilities. We strive to be an employer of choice where our people feel proud to work.

Culture

Exciting and entertaining our customers is at the heart of what we do every day. Through our STARS values (Service, Teamwork, Ambition, Responsibility and Solutions) we continue to build a culture that supports our colleagues to be the very best that they can be and deliver for our customers time after time.

From the point of recruitment, all colleagues are made aware of our values and these are incorporated within the initial induction programme to ensure they have a great start to their Rank career. The induction also covers information about our history, purpose and ambition, as well as tailored skills training relevant to their particular role. All colleagues are also required to complete mandatory training on a regular basis, which includes essential e-learning modules on our policies relating to safer gambling, anti-bribery, anti-money laundering and health and safety. Company policies and the respective training modules are reviewed periodically to ensure their effectiveness. Our STARS values are also incorporated within the employee appraisal process.

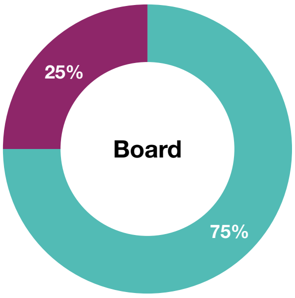
Over the last 12 months, by means of a specific transformation workstream, we have continued to ensure that our colleagues can work and contribute to a high-performing culture. The workstream concentrated on ten key attributes, which included the need to ensure Rank is diverse and inclusive and focused on strengths such as customer centricity. As part of the inclusion and diversity strategy, we implemented inclusion champions and introduced a culture club, encouraging colleagues to become more engaged.

Furthermore, we continue to discuss our approach to safer gambling with our colleagues with a view to further embedding it as part of our culture, thus ensuring that we create safe environments in which all customers can enjoy a level of gaming in line with their means. Through training and engagement, we ensure that our colleagues are skilled and motivated to positively interact with customers on what is a sensitive, yet essential conversation.

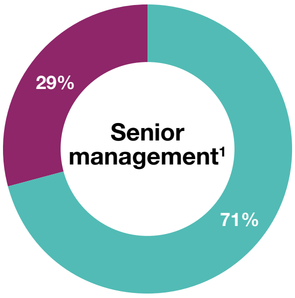
During 2020/21, we will be focussing on boosting engagement and further developing a high-performance culture across the organisation that continues to have safer gambling at its core.

Inclusion and diversity

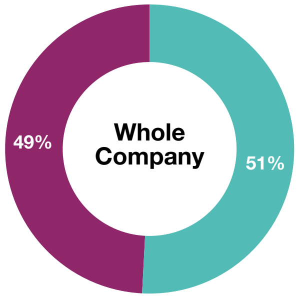
Over the course of the year we have continued to progress positively with our inclusion and diversity agenda. Underpinned by the launch of a new strategy and an annual calendar of events, we continue to build a working environment that is accessible to everyone.



- Male: 6 (75%)
- Female: 2 (25%)



- Male: 52 (71%)
- Female: 21 (29%)



- Male: 4,358 (51%)
- Female: 4,134 (49%)

During the year, we have focused in particular on improving organisational awareness of our aims and achievements under the new strategy through the use of interviews and case studies on a dedicated section of the intranet.

Inclusion and diversity strategy – 4 key aims

1. Create an inclusive environment which facilitates our colleagues to develop, be creative and deliver exceptional service
2. Ensure there is a diverse workforce across all grades
3. Make inclusion and diversity integral to how we do business
4. Demonstrate leadership on inclusion and diversity, internally and externally, positioning Rank as an "employer of choice"

In terms of specific activities, we launched our own internal brand in #Be Yourself, with the aim of increasing internal awareness of our inclusion and diversity activities across the Group and were proud to support National Inclusion Week, encouraging colleagues across the business to consider further how we can create an environment that values and thrives on difference.

We continued our partnership with WiHTL (Women in Hospitality, Travel and Leisure) and colleagues took part in their mentoring programme and masterclass series. We have also continued to evolve our recruitment and development programmes seeking to ensure balanced shortlists and interview panels, encourage diverse candidates to apply for roles and ensure appropriate support is provided in-role.

BAME roundtables, attended by representatives from around the business, were held during the year with four topics identified as key areas of focus. These were (1) top-down support, (2) development pathways, (3) recruitment and (4) role-models and mentoring, with each such area allocated ownership by a roundtable attendee.

There was also a focus on mental health in the year. A number of our planned workstream activities were put on hold due to the COVID-19 pandemic with our work in this area shifting during lockdown to ensuring all colleagues were provided with mental health awareness information, articles and support by way of newsletters and our intranet.

We recognise that there is more work to be done to achieve an organisational culture which truly demonstrates inclusion and diversity in all areas of the business. This is a particular focus for senior management and the Board for the forthcoming year.

We do not have a specific human rights policy at this time. The Board is comfortable that our policies respect the human rights of our employees and other stakeholders in the business in compliance with applicable laws.

Employee engagement

We value the views of our people and are always looking for different ways to ensure that they can provide feedback on what works well and what could be improved. We also seek to ensure that our internal communication is timely, clear and supportive.

Town Halls:
The executive directors and senior management are actively involved in the engagement of colleagues through Town Halls, which are accessible by all our offices to watch and participate. Our Town Halls are also the forum in which STARS awards are presented, offering recognition of individuals and/or teams, having been nominated by their colleagues, for demonstrating Rank's values in their work.

Colleagues are actively encouraged to contribute to transformation initiatives via a dedicated email address, with contributions recognised at Town Halls.

Employee Voice:
Employee voice meetings are held biannually and enable elected representatives from different areas of the business to meet with members of the executive committee and senior management to discuss issues of concern raised from within the business and potential resolutions.

1. Senior management is as defined in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, and includes: i) persons responsible for planning, directing or controlling the activities of the company, or a strategically significant part of the company, other than company directors, and ii) any other directors of undertakings included in the consolidated accounts.

Talking STARS and Leading STARS:
Talking STARS and Leading STARS sessions are also held biannually and provide a forum for key individuals from across the business to debate issues impacting the Group. These forums supplement employee voice meetings, with participants selected from across our business, some of whom have been nominated further to the STARS awards process. They provide a further opportunity to discuss outputs from employee voice meetings, with Talking STARS generally focusing on matters including culture and communication and Leading STARS focusing more on operational efficiencies and transformational change.

In addition, the business asked key influencers within the Company to participate in a culture and ways of working workstream during the year specific to support office. This group will re-convene over the next year as we start to look at new ways of working, particularly in light of the impact of COVID-19.

Employee Opinion Survey (EOS):
During the year, the Group continued with the use of two employee opinion surveys. An in-depth survey was carried out in July 2019, followed by a high level “pulse” survey in January 2020 to act as a “temperature check” of engagement and progress across the Group. Outputs from both forums were shared with the Rank executive committee and the Rank Board. Importantly, the results of the January 2020 “pulse” survey showed that Rank’s overall employee engagement score improved from 66% to 73%.

Communication:
We aim to ensure good communication with colleagues via the intranet and newsletter-style updates. This was particularly effective following the acquisition of Stride Gaming plc, as we adapted to colleagues in six additional office locations around the world. Such means of communication became even more important during the recent period of lockdown, whilst our colleagues were working from home.

We also aim to ensure that all communication and engagement works on a “top-down” and “bottom-up” basis, with a designated non-executive director attending the Talking STARS, Leading STARS and BAME forums mentioned above. His role is to ensure that the views and concerns of the workforce are taken into account by the directors, particularly when they are making decisions that could affect the workforce. He also provides feedback to colleagues on such matters from the Board. This approach

Actions taken further to colleague engagement

Areas identified through engagement	Actions taken
Communication: • Venues colleagues felt a disconnect between them and the wider Group • There was a desire for the support office to be seen more as a “facilitator” rather than a “controller”	• Venue-specific transformation plans developed to increase link to wider Group objectives • Increased exposure of executive teams to venues colleagues through more regular site visits
Transformation: • The benefits of the transformation programme should be continually communicated more widely • Transformation needs to continue to permeate the business	• Increased communication about transformation updates across the business, with teams encouraged to pro-actively engage and discuss
Culture: • Transformational change creating uncertainty for some colleagues • Colleagues felt that STARS behaviours not fully embedded across the business	• Provided support to leaders and managers in leading their teams and people through change • Group wide values video created and further supporting material under development
Wellbeing: • Transformation has brought significant change across the business. The increase in pace and accountability has prompted the need for additional wellbeing support in some areas	• Provided support to leaders and managers regarding mental health issues alongside a mental health workstream within the Group’s newly launched inclusion and diversity programme

has encouraged a broader exchange of information and views on the business itself, and also the wider industry, in these meetings. The designated non-executive director, together with the group human resources director, reports formally to the Board on matters discussed in such meetings on a biannual basis.

Health and safety

We are committed to providing our customers and colleagues in the UK and overseas with a safe and healthy working environment. The key objectives within the 2019/20 health and safety ("H&S") plan were to:

- Continue to improve H&S awareness and mitigate H&S risk.
- Continue to reduce paperwork and obtain greater efficiencies by reviewing our systems.
- Aim to reduce the number of employee and customer accidents in the UK by 5% compared to the previous year.

Until lockdown was introduced in March 2020, we were on course to achieve these objectives with good progress being made in all areas which included a rollout of a new poster campaign to raise awareness of key safety issues, launch of a new near miss reporting system for the venues business and a full review of ways of working between the H&S team, maintenance and the venues operations. As at March 2020, the number of accidents in the UK venues had decreased by 5%.

The focus inevitably then shifted, due to COVID-19, to ensuring venues and offices were closed in accordance with appropriate guidance from the H&S team, responding to pest infestations, security and fire alarm issues arising whilst such venues were closed and providing advice and assistance in relation to the preparation and execution of detailed reopening plans and individual office and club risk assessments.

Such assistance has spanned the full breadth of our operations, involving liaising with operations, procurement, marketing, gaming, IT, maintenance and food and beverage, to ensure that we complied with government guidance and were positioned to reopen our offices and venues safely as soon as we were able to do so.

The risk assessments for Grosvenor Casinos, Mecca Bingo and support offices can be found on our website www.rank.com/en/responsibility/Covid-19.html.

Our people KPIs

	Year ended 30 June 2020	Year ended 30 June 2019	Change
Full-time staff voluntary turnover rates	**20%**	29%	9ppt
Percentage of employees that are contractors or temporary staff	**2%**	2%	–
Employee engagement rates	**73%**	66%	7ppt
Gender Pay Gap data (mean/median)	**14.8/4.7**	13.5/5.8	10%/(19)%
Percentage of employees who are White British	**68%**	68%	–
Hours spent on employee development training to enhance knowledge or individual skills	**39k**	38k	3%

Our natural environment

We recognise our responsibility to minimise our impact on the natural environment and during the year we agreed on the following commitments. An update on our progress will be provided in the 2021 annual report and accounts.

1. To reduce our energy consumption and carbon emissions, water usage and wastage.

By:

- Implementing improved and accurate reporting of energy usage disseminated through the business;
- Reviewing investments in energy saving technologies (controls for kitchen extracts, refrigeration, radiator valves, LED lighting back and front of house);
- Reviewing food waste and plastic use in our venues in partnership with our suppliers;
- Setting waste targets in our venues;
- Seeking accreditation e.g. Carbon Saver Gold Standard;
- Water – take advantage of deregulation, combine Scottish and English volumes to get better terms, plus centralised billing and account management, trial waterless urinals; and
- Providing employees the option to move to low emission/electric/hybrid company cars.

2. To responsible sourcing throughout our supply chain.

By:

- Beginning a process for Certification of BRC Food Standard;
- Conducting routine Supplier Audits;
- Seeking accreditation for Sustainable Fish (MSC Certified);
- Producing a Responsible Sourcing Policy – the requirements of which must be met by our suppliers; and
- Applying objective rigour through the Membership of the Supplier Ethical Data Exchange (Sedex) – which measures ethical business practices across the supply chain. All our suppliers must be registered, and risk assessed.

3. To offering healthier choices for our customers by offering lower salt, vegan/vegetarian alternatives, and low/no alcohol options.

Environmental KPIs

	Year ended 30 June 2020	Year ended 30 June 2019	Change
Total energy consumption data – direct (kwh)	**63,440,850**	74,844,330	(15)%
Total energy consumption data – indirect (kwh)	**55,798,051**	68,690,116	(19)%
Fleet fuel card usage (litres)	**330,161**	444,825	(26)%
MSC certified sustainable seafood as a % of total seafood purchased	**90%**	70%	20ppt
Hazardous waste generation (tonnes)	**2.53**	1.89	34%
Non-recycled waste generation (tonnes)	**228**	326	(30)%
Waste recycled (tonnes)	**2,132**	2,894	(26)%
Total costs of environmental fines and penalties	**nil**	nil	–
Percentage of sites covered by recognised environmental management systems such as ISO14001 or EMAS	**nil**	nil	–
Total water usage (m^3)	**237,306**	301,790	(21)%

Greenhouse gas emissions

An operational control approach has been used to define the Greenhouse Gas ("GHG") emissions boundary, as defined in Defra's latest environmental reporting guidelines: "Your organisation has operational control over an operation if it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies at the operation".

For Rank this captures emissions associated with the operation of all our buildings plus company-owned and leased transport.

All of Rank's global operations are covered, comprising operations in the UK, Belgium and Spain except for Stride which was acquired part way through the reporting period. Stride will be included from next year when a full year of data will be available.

Emission sources

All material scope one and two emissions are included. These include emissions associated with:

- Fuel combustion: stationary (natural gas); mobile (vehicle fuel)
- Purchased electricity
- Fugitive emissions (refrigerants)

Methodology and emissions factors

This report was calculated using the methodology set out in Environmental Reporting Guidelines including streamlined energy and carbon reporting guidance, published by the UK Government in January 2019.

Emissions factors are taken from the UK Government emissions factor update published in July 2020. There are no notable omissions from the mandatory scope 1 and 2 emissions. 2% of emissions are based on estimated data.

GHG emissions data and total consumption

- The reportable GHG emissions and total energy consumption for Rank for the reporting period is 26,154 tCO_2e and 119,238,899 kWh respectively, tabulated by emissions source below.

Overall Consumption Summary

Ref.	Emissions source	2019/20	2018/19	% of 2019/20 total	change
A1	Gas (kWh)	**60,088,597**	71,895,740	50%	(16)%
C	Electricity (kWh)	**55,798,051**	75,963,726	47%	(27)%
A2	Road Travel (kWh)	**3,352,251**	4,548,901	3%	(26)%
	Total	**119,238,899**	152,408,368	100%	(22)%

Energy consumption by country

UK

Emissions source	2019/20	2018/19	% of 2019/20 total	change
Gas (kWh)	**58,583,952**	70,298,594	52%	(17)%
Electricity (kWh)	**51,065,499**	68,690,116	45%	(26)%
Road Travel (kWh)	**3,352,251**	4,548,901	3%	(26)%
Total	**113,001,702**	143,537,612	100%	(21)%

Belgium

Emissions source	2019/20	2018/19	% of 2019/20 total	change
Gas (kWh)	**940,206**	927,226	46%	1%
Electricity (kWh)	**1,085,156**	1,259,362	54%	(14)%
Total	**2,025,362**	2,186,588	100%	(7)%

Spain

Emissions source	2019/20	2018/19	% of 2019/20 total	change vs last year
Gas (kWh)	**564,439**	669,920	13%	(16)%
Electricity (kWh)	**3,647,396**	6,014,248	87%	(39)%
Total	**4,211,835**	6,684,168	100%	(37)%

Emissions intensity

For purposes of baselining and ongoing comparison, it is required to express the GHG emissions using a carbon intensity metric. The intensity metric chosen is £m NGR. Rank’s NGR 2019/20 was £638.1m, giving an intensity of 41.0 tCO_2e per £m NGR, 27% lower than last year.

GHG emissions summary

		2019/20		2018-19	
Ref.	Category	tCO_2e	%	tCO_2e	%
A1	Fuel combustion (stationary): Gas	**11,048**	**42.2%**	13,218	36.9%
A2	Fuel combustion (mobile): Transport Fuel	**824**	**3.2%**	1,135	3.2%
B	Facility operation: F-gases	**217**	**0.8%**	217	0.6%
C	Purchased electricity	**14,064**	**53.8%**	21,214	59.3%
	Total	**26,154**	**100.0%**	35,785	100%
	Emissions Intensity (tCO_2e per £m revenue)	**41.0**	**–**	56.1	–

Emissions by country, 2019/20

Emission source	UK	Spain	Belgium	Total
Fuel combustion (stationary): Gas	10,772	104	173	**11,048**
Fuel combustion (mobile): Transport Fuel	824	n/a	n/a	**824**
Facility Operation: F-gases	217	n/a	n/a	**217**
Purchased electricity	12,929	990	145	**14,064**
Air Travel	397	n/a	n/a	**397**
Materials use and waste	4,456	n/a	35	**4,491**
Total	29,595	1,093	353	**31,042**

1. CO_2e is a universal unit of measurement used to indicate the global warming of greenhouse gases expressed in terms of global warming potential of one unit of carbon dioxide.
2. The prior year Tonnes of CO_2e/£m revenue was calculated using GGR, to ensure consistency year on year the prior year number has been recalculated using NGR.
3. Well-to-tank emissions for fuels (electricity, gas, petrol, diesel and aviation fuel), which would sit within scope 3, are not included in the report.
4. The imposition of COVID-19 restrictions which required the closure of the UK venues from 23 March to beyond 30 June 2019 has accounted for much of the apparent reduction in UK emissions during 2019/20.
5. Stride Gaming plc is excluded. Rank acquired Stride part way through the reporting period, Stride will be included from next year when a full year of data will be available.
6. F-gas has been estimated due to challenges associated with COVID-19. Third-party electricity and gas data could also not be collected therefore the data for those sites is not included in this report.

Our communities

While the core focus for our brands is to bring excitement and entertainment to our customers in our venues or online, we also find ways to make a difference in the wider community. Every year, we enable thousands of our team members to contribute to their communities through charitable fund-raising and volunteering under our Rank Cares programme.

Rank Cares – Partnership with Carers Trust

Our employees are incredible ambassadors for Rank Cares, and we have raised a further £300,000 in the year bringing the total since the start of the partnership to £2.6m. An incredible achievement in what has been a very difficult year for our venues. Most impressively of all, employees from across the Group continued to fundraise and support the charity throughout the COVID-19 pandemic and lockdown, even though traditional fundraising events like sponsored runs have not been possible, our employees showed that money can still be raised with challenges like 'Walk the UK' which saw team members run, walk and cycle the equivalent of Land's End to John O'Groats either indoors or by sticking to their local streets and parks and by holding events such as virtual raffles all in the name of fundraising. If that was not impressive enough, employees have donated a total of 9,000 volunteer hours since the start of the partnership.

The money raised through Rank Cares is made available to the charity's grants panel adapted to the Carers Trust Emergency Care Grants during the COVID-19 pandemic, and has so far provided support for 12,000 unpaid carers (985 in the last year alone).

Not only have we been fundraising, to further support and highlight the great work Carers Trust do, we gifted our sponsorship logo placement on Ipswich Town FC's kit to Carers Trust for the 2020/21 season.

About Carers Trust

Carers Trust works to improve support, services and recognition for anyone living with the challenges of caring, unpaid, for a family member or friend who is ill, frail, disabled or has mental health or addiction problems.

It does this with a UK-wide network of quality assured independent partners and through the provision of grants to help carers get the extra help they need to live their own lives.

With locally based network partners they are able to support carers in their homes through the provision of replacement care, and in the community with information, advice, emotional support, hands-on practical help and access to much needed breaks.

It offers specialist services for carers of people of all ages and conditions and a range of individually tailored support and group activities.

To find out more about the work Carers Trust does visit its website at carers.org

COVID-19 – Rank's contribution to the national effort

From the start of the COVID-19 pandemic, Rank has been conscious of the need to contribute to the wider national effort to support our NHS, key workers and the most vulnerable members of our communities during this time of crisis. From March 2020, when the UK went into lockdown, our UK venues have been facilitating the preparation and delivery of food and care packages through our 'community kitchens' for vulnerable people, including the homeless and elderly. We have been providing free lunches to NHS, Emergency Services and key workers in collaboration with Blue Light Card and we are have been providing free parking at over 40 sites across our Grosvenor and Mecca estates to NHS and critical care workers via the Your Parking Space and Just Park websites.

In addition, we donated unused food from many of our venues following their closures in March and we have made over 11,000 calls to our most vulnerable group of customers and those who have been isolating. This valuable service has provided a friendly ear and guidance on where customers can find additional support, as well as a well-being check-in service.

Mecca has also been running free online bingo rooms together with online chat facilities so customers can not only play for free, but can stay connected to their friends from club, and we have stepped up to further support our partner charity, Carers Trust. Our digital team have increased the number of charity bingo games available through Meccabingo.com and 100% of the profits from these games are going to Carers Trust, as well as ongoing fundraising taking place through our "Text to Donate" campaign and various other individual and team challenges throughout lockdown.

We are enormously proud of the work our colleagues have undertaken to respond and contribute to helping our nation. Our venues are important "hubs" to many local communities and we're answering the call to help those who need it most right now.

Investment in our communities

During the year, we invested £25.4m in enhancing the quality of our existing venues. This investment has a number of important community benefits:

- It raises the level of amenity available;
- It provides employment during the construction phase;
- It often attracts additional investment from neighbouring businesses; and
- It attracts income into a community (including the tourism benefits from our London casinos) which benefits other retailers.

Our communities KPIs

£m	**Year ended 30 June 2020**	Year ended 30 June 2019	Change %
Total amount of donations/community investments made to registered not-for-profit organisations	**0.3**	0.3	–
Cash and in-kind contributions towards responsible gambling charities	**0.6**	0.6	–

Being an integral part of our communities is important to us at Rank. We are incredibly proud of all the hard work our colleagues have put in to helping others during the challenging times this year. We share some of their stories on the inside front cover of this report.

Respo

Transform
Integrate
Adapt

Our Group's safer gambling workstream

September 2019 –
Focus on enhanced training for colleagues

September 2019 –
Affordability model introduced across legacy digital business to help identify customers playing beyond their means

December 2019 –
First bingo operator to add safer gambling controls on gaming machines

nsibly

Our plans going forward

We remain committed to promoting gambling as a recreational activity and, as importantly, to managing or preventing its use by those people who may be vulnerable, at risk of experiencing harm or who have developed a problem.

- During the year we finalised the Group’s safer gambling workstream
- Embedding a safer gambling culture across the business is an essential part of the safer gambling workstream
- Strong collaboration with the Bingo Association and the Betting and Gaming Council is key

March 2020 –
Accelerated development of safer gambling initiatives for our Grosvenor casinos during lockdown

June 2020 –
Developed algorithms to help us assess and detect customers on electronic roulette in casinos

Safer gambling for all

Financial review

Bill Floydd
Chief Financial Officer

Reported net gaming revenue

For the 12 months ended 30 June 2020, reported net gaming revenue ("NGR") decreased by 8% to £638.1m as the impact of our closed venues during the COVID-19 pandemic offset the good progress we had made in the first eight months of the financial year, the continued strong growth in our digital business and the contribution from Stride Gaming plc ("Stride") following its acquisition on 4 October 2019.

Operating profit

In line with Group NGR, operating profit was adversely impacted by the closure of our venues during the COVID-19 pandemic with the loss of venues NGR resulting in full year operating profit declining by 40% to £23.5m, reflecting the operational leverage in the business and the impact of the separately disclosed items ("SDIs").

Separately disclosed items

SDIs are items that are infrequent in nature and/or do not relate to underlying business performance. They are effectively "exceptional items" as per the prior year plus other items that do not relate to underlying business performance. "Exceptional items" in the prior year were described as material non-recurring items. The change was made to provide more relevant information to the users of the accounts as the "underlying" results more appropriately represent the underlying performance of the Group, enable comparability between years and amongst peers within the industry, is in line with common practice and shows the underlying measures used to run the business. As a result of the change, the results for the year ended 30 June 2019 have been restated to include the reclassification of £3.2m of amortisation relating to the acquisition of QSB Gaming Limited and its subsidiaries ("YoBingo") from underlying to SDIs within the Digital segment (see note 4). The earnings per share ("EPS") impact of this restatement is to increase underlying EPS for the prior year from 14.8p to 15.3p.

Total net SDIs for the year were £(17.7)m, a 42% reduction from last year.

The key SDIs in the year were as follows:

- £25.3m following the successful conclusion of a VAT reclaim regarding VAT paid on gaming machines between 2002 and 2005. A further £5.0m is recognised as a separately disclosed item within net financing income offset by;
- £37.9m of impairment charges following the closure of our venues as a result of the COVID-19 pandemic and relate to five Grosvenor casinos, 41 Mecca venues and five International venues;
- £9.6m of amortisation charge relating to the acquired intangible assets of Stride and YoBingo; and
- £10.2m of property-related provision created on a property where the liability will revert to the Group if the tenant defaults. The provision of £10.2m is the present value of the amount expected to be paid over the remaining term of the lease.

Further details of SDIs can be found in note 4 of the financial statements.

Net financing charge

The £13.4m underlying net financing charge for the year includes a net £7.9m IFRS 16 adjustment following the adoption of the standard in the year. Pre IFRS 16, the underlying financing charge was £5.5m, £2.7m higher than the comparable period due to the financing costs associated with the Stride acquisition.

Taxation

On a statutory basis, the Group had an effective tax rate of 39.0% (2018/19: 20.2%) based on a tax charge of £6.0m and total profits of £15.4m. This is higher than the effective tax rate on adjusted profit of 21.7% because of SDIs which do not result in a tax credit (including amortisation of intangible assets and acquisition costs) and a lower level of statutory profit compared to adjusted profit.

The Group's effective underlying corporation tax rate in 2019/20 was 21.7% (2018/19: 18%) based on a tax charge of £8.2m on underlying profit before taxation. This is higher than the Group's anticipated effective tax rate of 19% to 20% for the year as a result of a Maltese tax credit associated with a dividend payment being reflected in 2020/21 rather than 2019/20, which will result in 6/7ths of the tax paid in Malta in 2019/20 being repaid to the shareholder in 2020/21.

Further details on the tax charge are provided in note 6 of the financial statements.

Earnings per share

Basic EPS fell by 66% to 2.5 pence. Underlying EPS was down 54% to 7.0 pence. For further details refer to note 9 of the financial statements.

Cash flow and net debt

As at 30 June 2020, net debt was £297.5m. Debt comprised £128.1m in bank loans, £240.5m in finance leases and £2.5m in overdrafts, offset by cash at bank and in hand of £73.6m.

In the period, bi-lateral term loan facilities of £50.0m were fully repaid, in line with the agreed amortisation profile.

Following the completion of Stride Gaming plc acquisition, the pre-arranged five-year £128.1m term loan was fully drawn in the period to cover the total cash consideration and associated acquisition costs.

	2019/20 £m	2018/19 £m
Cash inflow from operations	101.4	129.0
Net cash receipts/(payments) in respect of provisions and SDIs	25.4	(15.9)
Cash generated from operations	126.8	113.1
Capital expenditure	(50.7)	(34.0)
Acquisition of Stride Gaming plc	(85.5)	–
Acquisition of YoBingo	(2.3)	(24.2)
Net interest and tax payments	(21.3)	(13.0)
Dividends paid	(32.4)	(29.1)
Proceeds from sale of investment	5.6	–
Repayment of acquired loans	(2.5)	–
Loan arrangement fees	(2.9)	–
Other (including exchange translation)	0.2	(1.7)
Cash (outflow)/inflow	(65.0)	11.1
Opening net cash/(debt)	1.8	(9.3)
Closing net (debt)/cash pre IFRS 16	(63.2)	1.8
Closing net (debt) post IFRS 16	(297.5)	

Net debt for covenant purposes (pre IFRS16 adjustments) at 30 June 2020 was £67.1m, a £68.9m increase from 30 June 2019 following the acquisition of Stride Gaming plc.

Cash tax rate

In the year ended 30 June 2020, the Group had an effective cash tax rate of 33.6% on underlying profit (2018/19: 14.6%). The cash tax rate is above the effective tax rate because of changes to the timing of UK tax instalment payments effective from 2019/20 and an overpayment of UK tax.

Acquisition of Stride Gaming plc

On 4 October 2019, the Group acquired Stride Gaming plc for a total cash consideration of £116.0m. The provisional fair value of the assets acquired, and liabilities assumed, goodwill and consideration are outlined in note 34 of the financial statements.

Taxation changes

From April 2019, UK remote gaming duty ("RGD") was increased to 21% and resulted in £6.2m of additional RGD in the year. Total RGD for 2019/20 was £42.3m.

IFRS 16 – Leases

The Group has adopted IFRS 16 using the modified retrospective method. Consequently, IFRS 16 is adopted from 1 July 2019 but has not restated comparatives for the 12-months ended 30 June 2019, as permitted under the specific transitional provisions in the standard.

The reclassifications and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 July 2019.

The following table outlines the 2019/20 impact of IFRS 16.

£m	Underlying	SDIs	Total
Operating profit pre IFRS 16	43.3	(27.6)	15.7
IFRS 16	7.8	–	7.8
Operating profit	51.1	(27.6)	23.5
Net financing charge pre IFRS 16	(5.5)	5.3	(0.2)
IFRS 16	(7.9)	–	(7.9)
Net financing charge	(13.4)	5.3	(8.1)
Profit after tax pre IFRS 16	27.2	(17.7)	9.5
IFRS 16	(0.1)	–	(0.1)
Profit after tax	27.1	(17.7)	9.4
EPS pre IFRS 16	7.0p	(4.5)p	2.5p
IFRS 16	–	–	–
EPS	7.0p	(4.5)p	2.5p

Note 31 of the financial statements outlines in further detail the approach taken and associated impact to the Group.

IFRS 3 amortisation of acquired intangibles

As a result of a charge in reporting to SDIs, £3.2m of amortisation relating to the acquired intangible assets for YoBingo in the Digital segment has been reclassified from underlying to separately disclosed for the 12-months to 30 June 2019.

The following table shows the impact to the comparative period following the reclassification.

2018/19 £m	Underlying	SDIs	Total
Reported operating profit	72.5	(33.5)	39.0
Reclassification of IFRS 3	3.2	(3.2)	–
Restated operating profit	75.7	(36.7)	39.0

Going concern

Based on the Group's cash flow forecasts and strategic plan, the directors believe that the Group will generate sufficient cash to meet its liabilities as they fall due for at least 12 months from the approval of this report. The directors considered the period up to 30 September 2021. In making such statement, the directors highlight forecasting accuracy in relation to the reopening of venues as the key material uncertainty in the approved base three-year strategic plan.

The directors have considered a downside plan which reflects larger than anticipated disruption to the business due to the pandemic. In this event, the Group will generate sufficient cash to meet its liabilities as they fall due for at least 12 months from the approval of this report. The Group would require a waiver in respect of its banking covenants test for the 12 month period ending 30 June 2021, if it did not take mitigating actions in the intervening period.

Alternative performance measures

When assessing, discussing and measuring the Group's financial performance, management refer to measures used for internal performance management. These measures are not defined or specified under International Financial Reporting Standards (IFRS) and as such are considered to be alternative performance measures ("APMs").

By their nature, APMs are not uniformly applied by all preparers including other operators in the gambling industry. Accordingly, APMs used by the Group may not be comparable to other companies within the Group's industry.

Purpose

APMs are used by management to aid comparison and assess historical performance against internal performance benchmarks and across reporting periods. These measures provide an ongoing and consistent basis to assess performance by excluding items that are materially non-recurring, uncontrollable or exceptional. These measures can be classified in terms of their key financial characteristics.

Profit measures allow management and users of the financial statements to assess and benchmark underlying business performance during the year. They are primarily used by operational management to measure operating profit contribution and are also used by the Board to assess performance against business plan.

Impact of IFRS 16 adoption on the Group's APMs

With the current year being a transitional year following the introduction of IFRS 16, the Group has not adjusted its APMs for the impact of the adoption of IFRS 16. For periods starting after 30 June 2020, all APMs will be disclosed post IFRS 16.

The impact of IFRS 16 is explained fully in note 1 of the financial statements. The Group has applied the modified retrospective approach to adoption and has not restated comparative information.

The following table explains the key APMs applied by the Group and referred to in these statements:

APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Like-for-like ("LFL") net gaming revenue ("NGR")	Revenue measure	Reported NGR	• Separately disclosed items ("SDIs") • Excludes contribution from any venue openings, closures, disposal and acquired businesses during the period • Foreign exchange movements
LFL EBITDA (earnings before interest, taxation, depreciation and amortisation)	Profit measure	Operating profit	• SDIs • Excludes contribution from any venue openings, closures, disposals and acquired businesses during the period • Depreciation and amortisation before SDIs • Foreign exchange movements • IFRS 16 lease accounting impact
LFL operating profit	Profit measure	Operating profit	• SDIs • Excludes contribution from any venue openings, closures, disposal and acquired businesses during the period • Foreign exchange movements • IFRS 16 lease accounting impact
LFL profit before taxation	Profit measure	Profit before tax	• SDIs • Excludes contribution from any venue openings, closures, disposals and acquired businesses during the period • Foreign exchange movements • IFRS 16 accounting impact
LFL profit after taxation	Profit measure	Profit before tax	• SDIs • Excludes contribution from any venue openings, closures, disposals and acquired businesses during the period • Foreign exchange movements • IFRS 16 accounting impact
Underlying earnings per share	Profit measure	Earnings per share	• SDIs
Underlying net debt	Debt	Net debt	• IFRS 16 lease adjustments

Rationale for adjustments – Profit and debt measure

1. Separately disclosed items ("SDIs")

The Group has changed its presentational format to improve the definitions and terminology to provide greater clarity on the underlying performance of the business. The terminology has changed from "before exceptional items" and "exceptional items" to "underlying" and "separately disclosed". SDIs are those that bear no relation to the Group's underlying ongoing performance. This helps users of the accounts better assess the underlying performance of the Group, helps align to the APMs used to run the business and still maintains clarity to the statutory reported numbers. The following provides the rationale for treating these items as SDIs.

Further details of the SDIs can be found in the financial review and note 4 of the financial statements.

2. Contribution from any venue openings, closures, disposal and acquired businesses during the period

During the year, the Group sold five Mecca venues and acquired Stride Gaming plc ("Stride"). For the purpose of calculating like-for-like ("LFL") measures, their contributions have been excluded from both current (2019/20) and prior year (2018/19) numbers to ensure comparatives are made to measures calculated on the same basis.

3. IFRS 16 lease accounting impact

On adoption of IFRS 16, the Group's reported loans and borrowings include lease liabilities, as explained in note 1, which are not directly related to the external financing of the Group. The Group excludes these liabilities from its underlying net debt to better reflect the Group's underlying funding position with its primary sources of capital.

4. Foreign exchange movements

During the year the exchange rates may fluctuate, therefore by using an exchange rate fixed throughout the year the impact on overseas business performance can be calculated and eliminated.

The tables below reconcile the underlying performance measures to the reported measures of the continuing operations of the Group.

	2019/20 £m	2018/19 £m
LFL net gaming revenue ("NGR")	**585.1**	685.1
Stride NGR	**51.0**	–
Closed venues NGR	**2.3**	10.0
Foreign exchange	**(0.3)**	–
Total NGR	**638.1**	695.1

Calculation of comparative NGR

	2018/19
LFL reported gross gaming revenue ("GGR")	729.5
Customer incentives	(51.4)
Acquired businesses – Yo	14.6
Reversal of 2018/19 closed clubs	2.4
2019/20 closed venues	(10.0)
Restated LFL NGR	685.1

	2019/20 £m	2018/19 £m
LFL operating profit	**42.3**	76.9
Acquired businesses – Stride	**1.7**	–
Opened and closed venues	**(0.6)**	(1.2)
Foreign exchange	**(0.1)**	–
Operating profit pre IFRS 16	**43.3**	75.7
IFRS 16	**7.8**	–
Operating profit	**51.1**	75.7
SDIs	**(27.6)**	(36.7)
Operating profit	**23.5**	39.0

Calculation of comparative operating profit

	2018/19
LFL reported operating profit	72.1
YoBingo contribution	1.6
IFRS 3	3.2
LFL operating profit pre IFRS 16	76.9

	2019/20 £m	2018/19 £m
LFL earnings before interest, taxation, depreciation and amortisation ("EBITDA")	**88.3**	118.9
Depreciation, amortisation before SDIs	**(46.0)**	(42.0)
LFL operating profit	**42.3**	76.9

2019/20 £m	Underlying
LFL EBITDA	88.3
Acquired businesses – Stride	1.7
Opened, closed venues and foreign exchange movements	(0.7)
EBITDA pre IFRS 16	89.3
IFRS 16	37.3
EBITDA	126.6

	2019/20 £m	2018/19 £m
Underlying current tax charge	**(6.9)**	(12.4)
Deferred tax	**(3.7)**	(0.7)
Tax on SDIs	**4.6**	6.1
Total tax charge	**(6.0)**	(7.0)

	2019/20 £m	2018/19 £m
Underlying net (debt)/cash	**(63.2)**	1.8
IFRS 16 lease adjustments	**(234.3)**	–
Reported net (debt)/cash	**(297.5)**	1.8

	2019/20	2018/19
Underlying earnings per share ("EPS")	**7.0**	15.3
SDIs	**(4.5)**	(7.9)
Reported EPS	**2.5**	(7.4)

Approach to tax

Rank is committed to acting responsibly in all areas, including taxation.

Total tax contribution

In the year 2019/20 Rank paid £178.0m (2018/19: £191.1m) to tax authorities and local governments in irrecoverable VAT, gambling taxes, corporate tax, employer's national insurance and local business rates. Rank also deferred tax payments of £29.8m as a result of COVID-19. These payments will be settled in the next financial year. Rank has provided employment to 8,500 (2018/19: 8,400) people across the Group. The broader impact of Rank's operations, including taxes paid by supplier companies, is harder to quantify but no less significant.

Tax strategy

The taxation of betting and gaming is complex, involving many different taxes and duties. Rank's aim is to ensure that all taxes are correctly accounted for and that tax returns are submitted accurately, on time and that all tax liabilities are paid.

Rank is committed to acting with honesty and integrity in all matters with a strong emphasis on corporate reputation, social responsibility and maintaining good relationships with governments.

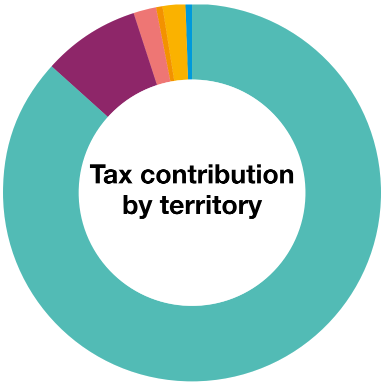
The Board reviews and approves the Group's tax strategy annually, which is published on Rank's website. The chief financial officer is responsible for ensuring that the Group complies with the documented tax strategy, supported by appropriately trained and qualified staff. Any significant decisions relating to tax are taken by the Board, including decisions on whether to litigate and the approach to handling disputes with tax authorities. External advice is taken when required. The Board is kept informed of future tax changes, including potential impacts from tax consultations.

From an accounting perspective, Rank takes a best estimate approach to areas of dispute, providing for areas of uncertainty and not recognising claims unless they are certain to be received. Systems, processes and controls are in place to ensure that tax returns are correctly prepared, accounted for and taxes paid. Senior accounting officer documentation is reviewed and updated as appropriate on an annual basis as a minimum and there are procedures in place to ensure that adequate reviews are undertaken.

Tax payments by type of tax

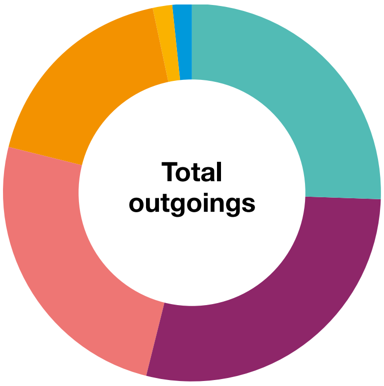
- Gambling taxes – venues: £68.4m
- Gambling taxes – digital: £42.2m
- Irrecoverable VAT: £22.5m
- Employer taxes: £17.9m
- Rates: £13.1m
- Corporate tax: £14.0m

Tax contribution by territory



- UK: 86.8%
- Spain: 8.2%
- Belgium: 2.1%
- Gibraltar: 0.4%
- Malta: 2.2%
- Israel: 0.3%

Total outgoings



- Taxation: 25.7%
- Employees: 28.4%
- Suppliers: 24.8%
- Depreciation/amortisation: 17.8%
- Other: 1.8%
- Shareholders: 1.5%

Rank complies with all applicable laws, regulations and disclosure requirements in relation to tax, exercising professional care and judgement in relation to decisions reached. Such decisions are fully documented and audited as appropriate. Rank is committed to operating responsibly and considers the reputational impact of transactions as well as their direct financial implications. The Group does not actively seek to enter into artificial tax avoidance transactions and any tax planning will revolve around the commercial needs of the business.

When undertaking commercial transactions, the Group will take advantage of tax reliefs, incentives and exemptions in accordance with the relevant tax legislation.

Rank's tax risks are managed as part of the Group's overall comprehensive risk management methodology, that balances risk and opportunities to achieve strategic objectives. Each risk is identified, mitigated, monitored and reviewed based on its specific facts and circumstances.

The tax team collaborates with colleagues across the business at the start of projects to ensure that tax costs and tax risks are taken into consideration as part of any decision-making process.

Where tax issues are particularly complex or uncertain, or if it is considered that HMRC may take a different view than that adopted by Rank, external advice is taken by professional advisers or tax counsel as appropriate.

Rank is committed to having an open and honest relationship with the tax authorities, fully cooperating with any enquiries and helping the tax authorities to understand Rank's business and any significant transactions. If the Group disagrees with a tax authority about the correct treatment of a tax issue, the Group aims to reach resolution as quickly as possible whilst also defending its position robustly with a view to protecting shareholder value and taking into account the cost of defending audits or assessments in relation to the amounts of tax at stake. Rank will consider litigation provided that the grounds of appeal stand a good chance of success and that there is sufficient tax at stake to warrant the cost of litigation.

Rank actively and positively participates in all relevant tax consultations to help shape changes to tax legislation or policy that are relevant to the business.

Tax rates and performance

The Group's effective corporation tax rate in 2019/20 was 21.7% (2018/19: 18.0%) based on a tax charge of £8.2m on underlying profit before taxation. This is higher than the Group's anticipated effective tax rate of 18% to 19% for the year as a result of a Maltese tax credit associated with a dividend payment being reflected in 2020/21 rather than 2019/20 which will result in 6/7ths of the tax paid in Malta in 2019/20 being repaid to the shareholder in 2020/21.

Further details on the taxation charge are provided in note 6 to the financial statements.

In the year ended 30 June 2020 the Group had an effective cash tax rate of 33.6% on underlying profit (2018/19: 14.6%). The cash tax rate is above the effective tax rate because of changes to the timing of UK tax instalment payments effective from 2019/20 and an overpayment of UK tax.

The effective corporation tax rate for 2020/21 is expected to be 23%-25%, being above the UK statutory tax rate. The tax rate is driven by some overseas profits being taxed at higher rates, non-deductible interest and expenses and depreciation of assets that do not qualify for capital allowances, partially offset by other overseas profits being taxed at lower rates than the UK.

The Group is expected to have a cash tax rate of approximately 3% in the year ended 30 June 2021 in line with the effective tax rate. This is lower than the effective tax rate because of refunds of corporation tax due.

Gambling taxes

United Kingdom

Changes to remote gaming duty in relation to freeplays and non-cash prizes were effective for Rank from October 2017. From April 2019 the rate of remote gaming duty ("RGD") was increased to 21% (a rate that was intended to be revenue neutral from HMRC's perspective to offset reduced tax revenues from changes to the maximum stakes of Fixed Odds Betting Terminals ("FOBTs"). The increase in RGD has resulted in additional tax of £6.2m in the year ended 30 June 2020.

Rank has submitted repayment claims totalling £13.3m to protect its position in relation to gaming duty on free bet vouchers or casino chips provided by the casino to the player free of charge. This follows a judgement for another casino operator which stated that these items should not be included in the calculation of gross gaming yield for gaming duty purposes. HMRC's appeal was heard at the Supreme Court in April 2020. These claims have not been recognised in the profit and loss and will be discussed further with HMRC after publication of the Supreme Court judgement.

Spain

Remote gaming duty was reduced to 20% of gross gambling revenue ("GGR") from 1 July 2018. This differs from the taxation of land-based businesses, which although taxed at similar rates (of between 5% to 25%), are taxed on stakes received rather than revenue generated.

Belgium

As a result of the reform of the corporate income tax regime, profits arising in Belgium will be taxed at 29.58% in 2019/20 (29.58% in 2018/19). The corporate income tax rate will reduce to 25% in 2020/21. The Belgian government introduced a taxation and licensing framework for online gaming companies in 2011. Companies may only apply for an online gaming licence in Belgium if they already hold a land-based gaming licence. Rank currently holds one digital licence that it allows a third-party operator to use in exchange for a revenue share. Online gaming in Belgium is subject to remote gaming duty at a rate of 11%.

VAT

As gambling is exempt from VAT in the UK, Rank pays significant amounts of irrecoverable VAT (£22.2m in 2019/20 and £21.5m in 2018/19). VAT returns are filed using a standard method for recovery of residual VAT (using a turnover basis). This is in line with HMRC guidance.

VAT claims

During the year the Upper Tribunal found in favour of Rank in relation to the £25.2m claim for VAT on slot machine income from 2002 to 2005. HMRC have confirmed that they are not appealing the decision. This amount, plus interest, less costs is included within separately disclosed items.

The following VAT recovery claims are outstanding

	VAT (£m)	Status
April 2006 to January 2013	80.4	Rank is taking litigation to the First Tier Tribunal in November 2020. The issue is whether certain amusement machines were similar to fixed odds betting terminals and online games which were exempt from VAT during the period.
June 1973 to September 1996 December 2002 to June 2004 March 2003 to June 2009	67.0	Bingo VAT claim found in favour of HMRC at the Court of Appeal. Rank has requested permission to appeal to the Supreme Court. This matter relates to whether input VAT was correctly offset against previous bingo VAT repayments.

Rank believes that it has a reasonable chance of success in the above claims, although, as is the case with any litigation, there is a risk that the courts will not rule in Rank's favour.

UK tax regime

	Gaming duty/Gross profits tax
Mecca – venues	
Category B3 gaming machines	20%
Category C gaming machines	20%
Category D gaming machines	5%
Main stage bingo	10%
Interval bingo	10%
Grosvenor Casinos – venues	
Casino games and poker (tax on gaming win in a six-month period)	15% – £0 to £2,471k
	20% – £2,471k to £4,174.5k
	30% – £4,174.5k to £7,157.5k
	40% – £7,157.5k to £13,454k
	50% – over £13,454k
Category B1 gaming machines	20%
Digital	
meccabingo.com*	21%
grosvenorcasinos.com*	21%
Sportsbook	15%

* Rank's online business is based offshore (Alderney, Channel Islands) and has been subject to UK remote gaming duty with effect from 1 December 2014.

Spanish tax regime

	Bingo duty*	Remote gaming duty**	Licence (annual average)
Bingo tax set by region	5% to 25%	–	–
Category B2/3 gaming machines	–	–	€3,650
Multi-post electronics	–	–	€10,600
enracha.es and YoBingo.es	–	20%	–

* Calculated as a percentage of stake.
** 20% with effect from 1 July 2018.

Belgian tax regime

	Gaming duty
Table games	33% – €0 to €865k
	44% – over €865k
Electronic roulette/ amusement machines	20% – €0 to €1,200k
	25% – €1,200k to €2,450k
	30% – €2,450k to €3,700k
	35% – €3,700k to €6,150k
	40% – €6,150k to €8,650k
	45% – €8,650k to €12,350k
	50% – over €12,350k

How we manage risk

Understanding, accepting and managing risk are fundamental to Rank's strategy and success. We have an enterprise-wide risk management approach in place, which is integrated into our organisational management structure and responsibilities. The principal aim is to provide oversight and governance of the key risks we face, as well as monitoring upcoming and emerging risks.

Over the past year we have continued to improve our enterprise risk management framework, and enhance our ability to identify, mitigate, monitor and review these principal risks. For each risk identified, we assessed the likelihood and consequence, and appointed a "risk owner" who is a member of the executive committee. The risk owner is responsible for defining mitigations, which are reviewed for appropriateness and monitored regularly.

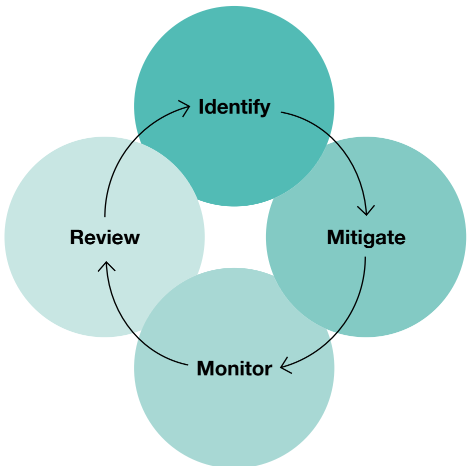
Throughout the year the risk management approach is subject to regular review and updated to reflect new and emerging risks, which are themselves reviewed to understand their potential significance to the business. Risks are identified and monitored through risk registers at Group level and within key business units, ensuring both a top-down and bottom-up approach.

The Board has overall responsibility for the risk management framework and for establishing the Group's risk appetite, as well as ensuring that the approach is embedded into the operations of the business. The audit committee is responsible for assessing the ongoing effectiveness of the risk management framework and processes, and for undertaking an independent review of the mitigation plans for material risks.

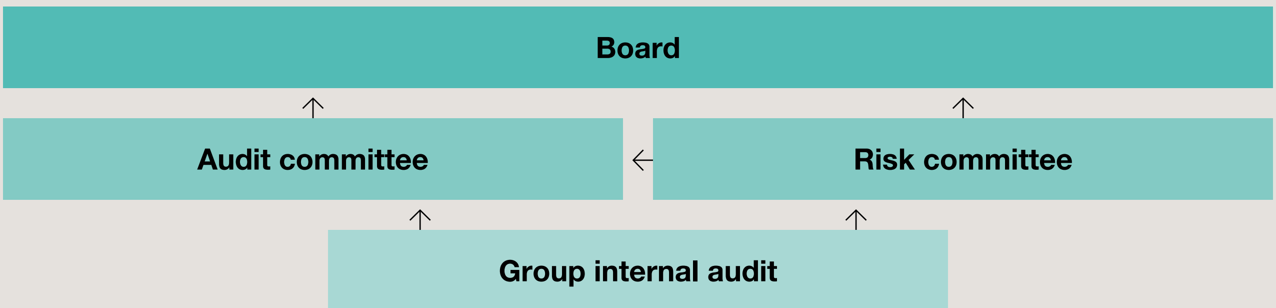
Additional committee working sessions are held with divisional management to ensure that risks are being identified in a timely manner, mitigating controls over identified risks are appropriate and effective and action plans are put into place for emerging risks. This approach ensures that risks are being identified in both a "top-down" and a "bottom-up" manner to give assurance that risk registers are appropriate and comprehensive.

Group internal audit helps to manage risk identification by conducting independent reviews of both the risks to the business and progress in performing mitigation action plans.

Our risk management process



Our risk management framework



Board
- Overall responsibility for risk management framework and processes
- Sets risk appetite
- Reviews the Group's risk profile

Audit committee
- Oversees risk management framework, controls and processes
- Reviews action plans to manage significant risks
- Reviews Group risk register

Risk committee
- Reviews Group risk register
- Carries out "deep dive" risk register reviews of specific business areas
- Identifies and manages risks as they arise
- Provides forum to ensure adequate and timely progress of risk-mitigation actions
- Considers reports from compliance functions

Group internal audit
- Develops a risk-based internal audit programme
- Audits the risk processes across the organisation
- Receives and provides assurance on the management of risk
- Reports on the efficiency and effectiveness of internal controls

Going concern and viability statement

Assessment

In adopting the going concern basis and viability statement for preparing the financial information, the directors have considered the circumstances impacting the Group during the year as detailed in the operating review on pages 36 to 41, the three-year strategic plan (which was presented in May 2020 and then updated in August 2020) and have reviewed the Group's projected compliance with its banking covenants and access to funding options.

The directors consider, following their review, that there are two material uncertainties during the going concern period

1. Forecasting uncertainty – a material uncertainty exists over future forecasts caused by the impact of the COVID-19 pandemic on consumer sentiment, government policy and the overall impact on consumer demand.

2. Covenant headroom in a downside scenario – a material uncertainty exists in relation to compliance with banking covenants at June 2021 should trading results fall short of management's base case scenario, and no remedy be secured through actions taken by management that are within their control, and no remedy be secured either through alternative funding, covenant waiver or other action, before the June 2021 covenant test date.

The directors have reviewed and challenged management's assumptions on the resumption of trading in the Group's venues. Key considerations are the assumptions on the timing of venues reopening and the levels of revenue achieved upon reopening in comparison to pre-COVID-19 levels. Management's assumptions and the latest performance against those assumptions are as follows:

Assumption	Outcome to-date
Grosvenor venues	
Clubs reopen from 1 September 2020 with revenue levels at on average 60% of pre-COVID-19 levels until June 2021, improving to pre-COVID-19 levels by June 2023. The Group continues to receive Coronavirus Job Retention Scheme ("CJRS") support for c. 4,500 furloughed colleagues until reopening.	35 venues in England opened on 15 August 2020. Early indications from the first two weeks of trading are that revenue is broadly in line with management's assumptions and therefore does not adversely impact management's forecast. From 7 September 2020, 49 venues had reopened across the UK. Two venues remained closed at that date due to local lockdown. One venue remains closed and the future of this club is under review. The potential trading outcome from this venue is marginal to the Group position and the venue is fully impaired as detailed in note 4 to the financial statements. The Group continues to utilise CJRS support in respect of colleagues that remain on furlough.
Mecca venues	
Venues reopen from 1 July 2020 with revenue at an average of 60% of pre-COVID-19 levels until June 2021 improving to pre-COVID-19 levels by June 2023. No further claims under the CJRS scheme from 1 July 2020.	35 venues in England opened on 4 July 2020, increasing to 72 venues across the UK by 26 August 2020. Revenue performance across this period averaged 70% of pre-COVID-19 levels and therefore does not adversely impact management's assumptions. Five venues remain closed and the future of these clubs is under review. The potential trading outcome from these venues is marginal to the Group position and all venues have been fully impaired as detailed in note 4 to the financial statements. The Group continues to utilise CJRS support in respect of colleagues that remain on furlough.
Enracha venues	
Venues reopen from 1 July 2020 with revenue at 50% of pre-COVID-19 levels until 30 June 2021 and improving to pre-COVID-19 levels by June 2023.	All venues opened by 22 June 2020 and have remained open subject to short term localised lockdowns, which had only a marginal impact. The latest indication from the Spanish government is that any further closures are likely to continue to be on a localised basis, rather than on a national scale. The aggregate performance of the venues from 1 July to 30 August 2020 is that revenue has achieved 65% of pre-COVID-19 levels, with gradual improvement through the period.
Casino Blankenberge	
The casino opens on 1 July 2020 with revenue at 50% of pre-COVID-19 levels until 30 June 2021 and improving to pre-COVID-19 levels by June 2023.	The club reopened on 1 July 2020 with revenue in the period from 1 July to 30 August 2020 being in line with pre-COVID-19 levels.

The key base case assumptions on cost are substantially within management control and are as follows:

- Payroll costs are forecast at pre-COVID-19 levels, with offsets from the CJRS in line with the current scheme rules where applicable
- Rent due during the 2020/21 financial year is paid on time. Rent deferrals from the 2019/20 financial year are phased during and completed by the end of 2020/21
- All tax and duty is paid on time, with duty deferred from 2019/20 paid to HMRC by December 2020
- Capital expenditure is constrained to £30.0m, to cover all essential expenditure and to allow for some investment if circumstances allow
- Standard payment terms are assumed for supplier payments
- Allowance is made for one-off costs in relation to the Stride integration programme and in the event that a small number of club closures are made

The base case contains certain discretionary costs within management control that could be reduced in the event of a revenue downturn. These include reductions to overheads, reduction to marketing costs, reductions to the venues' operating costs and further reductions to capital expenditure.

The key financing assumptions in the base case within the going concern assessment period are that the Group continues to have access to the following committed facilities:

- Stride acquisition term loan of £128.1m which reduces to £108.4m in May 2021 due to a scheduled loan repayment
- Revolving credit facilities ("RCF") of £85.0m which reduce to £55.0m in September 2020 when a £30.0m facility expires

The plan also assumes that no additional funding is raised during the plan period. At the date of approval of the financial statements, the Stride term loan was fully drawn and £11.0m of RCF was drawn, with £74.0m of RCF undrawn.

In undertaking their assessment, the directors also reviewed the covenant calculations based on the Group's base case strategic plan, noting that the Group achieved its banking covenants at the 30 June 2020 test date. Through the combination of the venues being closed from late March 2020 until July/August 2020 and the assumptions made by management in its base case forecast, the Group anticipated breaching its banking covenants at the 31 December 2020 test date. Rank therefore renegotiated its banking covenants to temporarily replace the normal tests with a minimum liquidity test that is set at £50.0m and is tested quarterly in September and December 2020 and in March 2021 ("Revised Covenants"). Rank continues to support NatWest in the syndication of £39.0m of the £128.1m term loan facility. The Group expects to meet the Revised Covenants and based on the strategic plan (as reassessed and updated in August 2020 as set out in the assumptions above) the Group expects to achieve its normal banking covenants at the 30 June 2021 test date when the testing reverts back to being on a 6-monthly basis, and at future testing dates during the plan period.

During the period from September 2020 to 30 June 2021 for which the Revised Covenants apply, Rank has agreed to certain restrictions. These are:

- To provide regular financial updates to the banks
- Not to make acquisitions in excess of £10.0m unless agreed by the banks
- Not to make disposals unless agreed by the banks
- Not to pay dividends or make other distributions to shareholders

Rank has the ability to exit the Revised Covenant period early, if it believes that it can meet its original banking covenants.

Sensitivity Analysis

The base case strategic plan reflects the directors' best estimate of the future prospects of the business. A number of plausible but severe downside risks, including consideration of possible mitigating actions, have been modelled with particular focus on the potential impact to cash flows, cash headroom and covenant compliance throughout the period of review. The potential impact on the Group of a combination of scenarios over and above those included in the plan has also been tested. The main downside risk is:

COVID-19 – Larger than anticipated disruption due to the pandemic. The downside case assumes more widespread business interruption (i) reducing revenue by 20% below the base case from November 2020 to March 2021 and (ii) by 10% below the base case from April 2021 to March 2022. This assumption is based on the latest government approach at the date of approving the financial statements to continue with a trend of localised closures (as seen in Leicester, Greater Manchester and Aberdeen) rather than returning to full national lockdowns. Having modelled the downside case on this basis, the indication is that the Group would breach its banking covenants at the 30 June 2021 test date. In these circumstances, the Group would re-enter negotiations to revise its covenants further or seek additional financing or both. Furthermore, even though full national lockdowns are not at this time considered probable enough to model, if this were to happen again for a prolonged period, subject to further government support that may be offered, further funding would be required.

In the event of the downside scenario crystallising, waivers on banking covenants would need to be obtained in respect of the 30 June 2021 test date, but not at any of the later testing dates in the plan period. The Group would seek to take mitigating actions within its control including but not limited to a reduction in capital expenditure, a reduction in overhead expenditure, securing additional funding and the closure of some venues. If actions within management control were not sufficient to offset the downside scenario, the Group would seek a covenant waiver at June 2021 from its banks.

The Group has also modelled an upside scenario based on changes to the key assumptions within the venues reopening plans referenced above. The upside case assumes revenue achieved following venues reopening is at 80% of pre-COVID-19 levels from 1 October 2020 for Grosvenor and 70% of pre-COVID-19 levels from 1 October 2020 for Mecca until June 2021. This scenario is based on performance post-reopening of Mecca, albeit that there has only been a short trading period to assess. In this upside scenario, the Group would be able to exit the Revised Covenant period early and the associated restrictions would no longer apply.

Going concern statement

Based on the Group's cash flow forecasts and strategic plan, the directors believe that the Group will generate sufficient cash to meet its liabilities as they fall due for at least 12 months from the approval of this report. The directors considered the period up to 30 September 2021. In making such statement, the directors highlight forecasting accuracy in relation to the reopening of venues as the key material uncertainty in the approved base three-year strategic plan.

The directors have considered a downside plan which reflects larger than anticipated disruption to the business due to the pandemic. In this event, the Group will generate sufficient cash to meet its liabilities as they fall due for at least 12 months from the approval of this report. The Group would require a waiver in respect of its banking covenants test for the 12 month period ending 30 June 2021 covenant, if it did not take mitigating actions in the intervening period.

Viability statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the directors confirm that they have considered the current position of the Group and assessed its prospects and longer-term viability over a period of three years to June 2023. Although longer periods are used when making significant strategic decisions, three years has been used as it is considered the longest period of time over which suitable certainty for key assumptions in the current climate can be made. Having undertaken their assessment and considered the overall circumstances of the Group, including the assumptions set out on page 69 and the performance of the business against those assumptions, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over such three-year period.

In making this statement, the directors have performed a robust assessment of the principal risks facing the Group which includes an assessment of both financial and non-financial risks that may threaten the business model, future performance, liquidity and solvency of the Group, particularly in light of the impact of COVID-19. The key assumptions made are that the venues' businesses do not return to pre-COVID-19 levels until the 2022/23 financial year, that £30.0m of RCF that expires in the plan period is not renewed, that the Group repays £83.8m of debt financing on time in the plan period and that no new financing is arranged during the plan period. The final maturity dates on the Group's remaining facilities all fall due in 2024.

Our approach to risk management and details of the principal risks facing Rank, together with the impact of each risk, the direction of travel and the actions taken to mitigate such risks are set out on pages 73 to 76. The risks considered include (without limitation): the ongoing impact of the COVID-19 pandemic, health and safety, changes to regulation (including gambling laws and regulations), failure to comply with current regulation (including gambling laws and regulations), changes to the rate of tax and technology risks (including cyber security).

The Group strategic plan is reviewed annually and most recently in light of COVID-19. It considers current trading trends, the impact of capital projects, existing debt facilities and compliance with covenants and expected changes to the regulatory and competitive environment, as well as expectations for consumer disposable income. In carrying out the assessment the directors have reviewed and challenged key assumptions within the Group's strategic plan. Details of the assumptions included in the assessment and the sensitivity analysis applied to the plan is set out above.

Principal risks and uncertainties

The Board has conducted a robust assessment of the Company's principal and emerging risks. The risks outlined in this section are the principal risks we have identified as material to the Group. They represent a "point-in-time" assessment, as the environment in which the Group operates is constantly changing and new risks may always arise.

Additionally, the potential impact of known risks may increase or decrease, and our assessment of a risk may change over time.

The risks below are not set out in any order of priority, and do not include all risks associated with the Group's activities. Additional risks not presently known to management, or currently deemed less material, may also have an adverse effect on the business. Risks such as these are not raised as principal risks but are nevertheless constantly monitored for their impact on the Group.

Our risk management processes include the consideration of emerging (including opportunity) risks; horizon-scanning is performed with a view to enabling management to take timely steps to intervene as appropriate. Methods to identify emerging risks include reviews with both internal and external subject matter experts, reviews of consultation papers and publications from within and outside the industry, and the use of key risk indicators. Throughout the year some new risks have emerged and developed which have been monitored by management and action taken when they started to crystallise, the most significant of these being the impact of, and challenges arising from, the COVID-19 pandemic and the ongoing review of and changes to gambling regulation. Mitigation takes the form of ongoing monitoring and risk assessments, ongoing membership and contribution to trade associations, and continuing to build and maintain relationships with our stakeholders.

A further emerging risk is the impact of Brexit, where the key challenges to the business are likely to be availability of staff and effect on data handling. We have appropriate business continuity arrangements in place for short-term border disruptions affecting the movement of our people and are not otherwise over-exposed to the impact of Brexit in this area. Appropriate data sharing arrangements are in place to allow us to continue to fulfil our data handling obligations. Given the terms of the withdrawal agreement between the UK and the EU, there is not anticipated to be an impact of Brexit for the Group in practice until the end of the transitional period on 31 December 2020.

Link to strategy key

1 Create a compelling multi-channel offer
2 Build digital capability and scale
3 Continuously evolve our venues proposition
4 Consistently improve our customer experience through innovation
5 Be committed to safe and fair gambling
6 Within an environment which enables our colleagues to develop, be creative and deliver exceptional service

1. COVID-19 pandemic

Principal risk

The immediate organisational risks following the COVID-19 outbreak arose primarily as a result of the closure of our venues and offices. Such risks included business continuity and the ability of our technology and IT infrastructure to adapt to sustained working-from-home requirements imposed by governments, colleague and customer welfare, cashflow (liquidity), financing, supply-chain disruption and impact on the ability of the Group to execute its strategic plans.

In line with respective government requirements, all of the Group's venues were closed in March 2020. In the UK, reopening commenced for Mecca on 4 July 2020 and for Grosvenor on 15 August 2020. In Spain reopening commenced on 10 June 2020 and in Belgium on 1 July 2020. All venues are required to comply with social distancing measures, impacting on capacity. There can be no certainty as to when or to what extent applicable ongoing government measures will be lifted or whether they will be reintroduced after they have been lifted. Furthermore, even after restrictions are lifted, there is a risk of depressed demand in the leisure sector. Customers may also be more reluctant to attend our venues.

In response to the COVID-19 pandemic, we have prepared a number of planning scenarios based on a range of assumptions and potential outcomes. In light of the above, the risk remains of further significant impact on our future operations and cashflows beyond the range of assumptions that have been used to develop the modelled scenarios.

Change in risk impact

Increasing

Due to the nature of the pandemic and the ongoing uncertainty, this is considered an increasing risk.

Risk mitigation strategy

Mitigation in relation to lockdown

The Company has a pandemic policy, crisis management and resilience planning processes and venues-closure plans, which were implemented successfully in response to the lockdown and consequential closure of our venues and offices. The Company implemented a working-from-home policy in order to ensure that those colleagues and areas of the business less directly impacted from the closure of venues could continue to function.

The Company communicates with its employees in a number of a different ways and during lockdown we increased significantly our communications to our colleagues in order to keep them up to date with developments, our plans and welfare support arrangements.

In relation to our customers, the Company developed, and participated in a number of initiatives aimed at ensuring our customers did not feel a loss of community due to the closure of our venues. More information can be found on page 57.

The Company reviewed its financing arrangements and engaged with its banks, suppliers and landlords.

We continued to communicate with legislators and regulators throughout lockdown in connection with the measures we have implemented. Government support initiatives have been utilised such as the Coronavirus Job Retention Scheme and UK business rates holiday.

Mitigation in relation to reopening

Detailed analysis and modelling, with consideration of all stakeholders' views, went into the formulation of reopening plans. Such plans are flexible to take account of local lockdowns, restrictions being re-introduced, changes in customer demand and other uncertainties that will only be understood with the passage of time. We continue to review the assumptions and modelling work and are revisiting our transformation plan.

We continue to review our financial covenants and financing options, our property portfolio and supply-chain.

We continue to have constructive dialogue with those bodies that influence our markets, including government and regulators. The importance of such discussions was demonstrated in the process to obtain permission to reopen our venues.

The health and safety of our colleagues and customers remains of paramount importance and risk assessments have been an essential part of our reopening plans.

Digital

In relation to the digital business, which has been largely unaffected operationally by the crisis, we have focused on the implementation of increased safer gambling measures.

Link to strategy

1 2 3 4 5 6

Link to strategy key

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	2. Changing consumer needs (venues)	3. Gambling laws and regulations	4. Health and safety	5. Taxation
Principal risk	Progressive changes over time in consumer spending habits and changes in the macroeconomic environment can result in lower numbers of customer visits.	Regulatory and legislative regimes for betting and gaming in key markets are constantly under review and can change at short notice. These changes could benefit or have an adverse effect on the business and additional costs might be incurred in order to comply.	Failure to meet the requirements of the various domestic and international rules and regulations relating to the health and safety of our employees and customers could expose the Company (and individual directors and employees) to material civil, criminal and/or regulatory action with the associated financial and reputational consequences.	Changes in fiscal regimes for betting and gaming in key markets can change at short notice. These changes could benefit or have an adverse effect and additional costs might be incurred in order to comply with any fiscal requirements. Current key risk areas include: • remote gaming duty; • machine gaming duty; and • gaming duty
Change in risk impact	**Increasing** With the macroeconomic environment and continuous changes in consumer spending habits, there is an ever-increasing need for the Group to focus on assessing the relevance of our customer proposition.	**Increasing** With the increased focus of regulators, the risk here is considered to be increasing, and the impact of non-compliance could result in the imposition of licence conditions, the loss of gaming licences and/or fines.	**Stable** It is envisaged that there will be no further immediate changes in standards.	**Stable** It is envisaged unlikely that there will be changes in taxation in the immediate future.
Risk mitigation strategy	The Group monitors financial performance across the venues. Venues performing adversely are raised for remedial attention with customer satisfaction metrics being used to also monitor venues performance. Changing the venues product and service offering to have greater appeal to today's more leisure-oriented customer is a priority within the transformation programme. This will continue to evolve as there is a better understanding of the ongoing impact of COVID-19 on our customers' habits.	The Group ensures that it: • actively provides and promotes a compliant environment in which customers can play safely; • participates in trade representations to political and regulatory bodies to ensure that such stakeholders clearly understand the positive contribution that the business provides to the economy; • works with stakeholders and customers to help public understanding of the gaming offers it provides; and • engages with regulators as appropriate and examines the learnings from, and measures adopted by, other operators and sectors of the gambling industry.	The Company has defined policies and procedures in place which are periodically reviewed and updated as appropriate. The Company requires all staff to undertake annual training and more specific training is undertaken as appropriate. Communication plans are in place across the Group. The health and safety committee meets regularly and its attendees include the senior management of the venues business. In addition, the head of health and safety provides updates on health and safety practices to each risk committee meeting. The health and safety team have been heavily involved in the closure and reopening of our venues as a result of COVID-19.	The Group ensures that it: • continues to monitor taxation legislation; • performs regular analysis of the financial impact to the organisation of changes to taxation rates; and • develops organisational contingency plans as appropriate.
Link to strategy	3 4	5	3 6	

	6. Integration, transformation and technology projects and programmes	7. Business continuity planning and disaster recovery (operational resilience)	8. Data management	9. Cyber resilience
Principal risk	Key Group projects and programmes could fail to deliver, resulting in missed market opportunities, and/or take longer to deliver, resulting in missed synergies and savings.	Planning and preparation of the organisation, to ensure it could overcome serious incidents or disasters and resume normal operations within a reasonably short period, is critical to ensure that there is minimal impact to its operations, customers and reputation. Typical disasters might include: natural disasters such as fires and floods, accidents impacting key people, insolvency of key suppliers, negative media campaigns and market upheavals.	The inability to adequately protect sensitive customer data and other key data and information assets that could be leaked, exposed, hacked or transmitted would result in customer detriment, formal investigations and/or possible litigation leading to prosecution, fines and damage to our brands.	Cyber-attacks can disrupt and cause considerable financial and reputational damage to the Group. If a cyber-attack were to occur the Group could lose assets, reputation and business, and potentially face regulatory fines and litigation – as well as the costs of remediation. Operations are highly dependent on technology and advanced information systems (such as cloud computing) and there is a risk that such technology or systems could fail, or outages occur.
Change in risk impact	Stable A failure to deliver key strategic projects and programmes impacts on customer loyalty and the strategic growth of the organisation.	Stable The geographical nature of the operating environment and key risk exposures are known and understood and the business was able to continue operating notwithstanding the impact of COVID-19.	Stable The Group has developed a robust control environment in relation to customer data controls and the regulatory requirements.	Stable Due to the programme of work in place and response to previous incidents and lessons learned this is considered a stable risk to the Group.
Risk mitigation strategy	The Group ensures that projects and programmes: • are subjected to detailed management oversight as well as having sponsorship from a senior-level stakeholder; • use a structured and disciplined delivery methodology to ensure that they are robustly managed to achieve their outcome; and • use a comprehensive risk management approach managed by experienced project and programme managers.	This approach includes the development, embedding and refinement of the incident and crisis management approach for the Group in order to proactively manage these incidents. Group business continuity plans have been refreshed for key sites and business areas.	The Group has in place data protection policies and colleague training in order to protect the privacy rights of individuals in accordance with the relevant local data protection and privacy legislation and with GDPR. These are monitored by an experienced data protection officer to ensure that the business is aware of, and adheres to, industry best practice standards and relevant laws. Technology and IT security controls are in place to restrict access to sensitive data and ensure individuals only have access to the data they need to do their job.	We carry out a number of cyber exercises on a regular basis to understand the maturity of controls, with a roadmap of further work planned to enhance them within the current IT estate. A programme of work is ongoing to enhance cyber security and resilience within the IT estate with dedicated, specialist resources.
Link to strategy	1 2	1 2 3 4 5 6	2 4	2

Link to strategy key

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	10. Dependency on third parties and supply chain	11. People
Principal risk	The Group is dependent on a number of third-party suppliers for the operation of its business. The withdrawal or removal from the market of one or more of these third-party suppliers, or failure of these suppliers to comply with contractual obligations, could adversely affect operations, especially where these suppliers are niche.	People are pivotal to the success of the organisation and a failure to attract or retain key individuals may impact the Company's ability to deliver on Its strategic priorities. A pre-requisite to achieving all of the strategic priorities is ensuring the Company has the right people with the right skills, deployed within the right area of the business.
Change in risk impact	**Stable** The third-party operating environment and key risk exposures have changed as a result of COVID-19, but the risk to the business is nevertheless considered stable.	**Stable** Considered stable as the risk to the business is unchanged, notwithstanding that the impact of COVID-19 cannot be ignored.
Risk mitigation strategy	The Group has a central procurement team in place to oversee the process for acquisition of suppliers across the Group together with the development of a supplier risk management framework. Close communication and accountability for relationships within the Group are in place for these suppliers, with suppliers required to ensure that Group requirements are met. Discussions have taken place with suppliers as a result of the impact of COVID-19, particularly in relation to the closure and then reopening of our venues.	A programme of activity is focused on developing diversity across the organisation (please see pages 48 to 49). A programme of activity is focused on succession planning for the business, particularly at senior levels. The Company regularly reviews its reward propositions. Culture is a specific transformation workstream, but is also considered across all other workstreams including safer gambling (please see pages 48).
Link to strategy	1 2 3 4 5 6	1 2 3 4 5 6

Section 172 statement

Section 172 of the Companies Act 2006 ("Companies Act") requires Rank's directors to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing so, they must have regard to the range of factors set out in section 172(1)(a)-(f) of the Companies Act, including the interests of our stakeholders.

In discharging their duties, the directors have regard to such factors and take them into consideration when decisions are made. It is acknowledged that every decision made will not necessarily result in a positive outcome for all of our stakeholders. However, by considering the Company's purpose, ambition and values together with its strategic priorities and having a process in place for decision-making, the directors aim to make sure that their decisions are consistent and fair.

For details on how our Board operates and the way in which the directors reach decisions, including the matters discussed during the year and the key stakeholder considerations that were central to those discussions, please see pages 78 to 84. Further illustrations of how section 172 factors have been applied by the Directors can be found throughout this report. For example, information on engagement with our stakeholders can be found on pages 20 to 23 and in the operating responsibly section on pages 45 to 57.

Non-financial information statement

We aim to comply with the Non-Financial Reporting Directive requirements from sections 414CA and 414CB of the UK Companies Act 2006. The table below sets out where relevant information is located in this report.

Reporting requirement	Some of our relevant policies	Where to find more in the report	Pages
Environmental matters		• Our natural environment	52 to 55
Employees	• Health and safety policy • Code of conduct	• Our people • Diversity • Equal opportunities • Health and safety	48 to 51
Human Rights	• Modern slavery statement	• Human rights	85
Social Matters	• Health and safety policy • Code of conduct	• Our customers • Our communities	45 to 57
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Non-financial key performance indicators		• Strategic progress • Operating responsibly • Operational review	30 to 33 47 51 53 to 55 and 57

Dear shareholders

I am pleased to present this year's directors' and corporate governance report, our first such report under the 2018 UK Corporate Governance Code ("2018 Code") and my first as chair.

At the time of writing this report, the Company continues to assess the ongoing impact of the COVID-19 pandemic on its operations. I would like to take this opportunity to say that I am immensely proud of the outstanding way in which our colleagues smoothly and safely managed the closure of our venues and offices, kept our digital and central operations running, and are now adjusting to the reopening of our venues in a very different environment for both them and our customers. It is a true demonstration of Rank's values – service, teamwork, ambition, responsibility and solutions – being put into practice.

The Board has remained extremely conscious during this period of great uncertainty of the ongoing need for good governance and I am reassured that our framework is strong and effective. As we continue to deal with new challenges and ways of working, we have been reminded of the importance of shared values and a strong corporate culture, and the role they play in how we make decisions, are perceived by our stakeholders, and further develop and deliver our strategy.

Board changes

There have been a number of changes to the Board during the 2019/20 financial year. As anticipated in last year's report, Ian Burke retired from the Board and stepped down as chair at the 2019 annual general meeting on 17 October 2019 and I was appointed as chair. Karen Whitworth was appointed as non-executive director on 4 November 2019 and chair of the audit committee on 21 November 2019. Karen brings broad experience in retail, hospitality and entertainment at both private and publicly listed companies, which will be invaluable to Rank, and I am delighted that she has joined the Board. Further detail of the process for these appointments is set out on page 92.

Stakeholder engagement

The Board is supportive of the requirement under the 2018 Code to demonstrate how it considers the views of its stakeholders and how their interests are considered in Board discussions and decision-making. I am confident in the Board's ability to effectively engage with all our stakeholders, with this being demonstrated ever more strongly during the past few months where we have sought to make the right decisions for the business during, and as we emerge from, the COVID-19 lockdown whilst balancing the interests of, and having engaged with, our shareholders, colleagues, customers, the communities we serve, and our regulators and suppliers. We have seen the benefit of such engagement in the building of stronger relationships for the longer-term benefit of all concerned. However, at the same time I acknowledge that there is always more that can be done and the momentum we have gained in this regard must not be lost. More about the manner in which we engage with our stakeholders, including workforce engagement, is set out on pages 20 to 23 of this report.

Remuneration changes

We will submit a new remuneration policy for shareholder approval at the 2020 annual general meeting ("AGM"). In drafting the proposed remuneration policy, the remuneration committee and the Board gave extensive consideration to guidelines, evolving market trends and best practice in relation to the remuneration framework, as well as the impact of the COVID-19 pandemic. Recognising the importance of shareholder engagement, the chair of the remuneration committee led a consultation process with major shareholders (representing 91.48% of shares as at 30 June 2020) on the proposals contained within the proposed remuneration policy, which aims to strike a balance between compensation being aligned with shareholders' interests and our ability to recruit, retain and motivate high-performing employees in a competitive and regulated market place. The new policy can be found on page 108.

Continued focus on regulatory developments

We continue to focus on our response to the risk of gambling-related harm and promote a safer gambling culture. The past year has seen a great deal of progress at Rank in this regard, as explained on pages 102 to 104. Ongoing regulatory developments, including the anticipated review of gambling in the UK, will demand that the pace of delivery only continues to accelerate, and the Board remains committed to ensuring that Rank is proactive and innovative in its approach for the benefit of all its stakeholders.

Governance

The Board has spent time considering the changes and enhanced disclosure requirements brought in by the 2018 Code. We remain committed to maintaining the highest standards of corporate governance across the Group, recognising the importance of a strong governance framework to underpin our strategic objectives. I am pleased to report that we were in full compliance with the provisions of the 2018 Code for the period under review.

Board effectiveness and priorities for the 2020/21 financial year

This year's Board and committee evaluation exercise was conducted internally. I am pleased to report that the results of the 2019/20 process were positive and that a number of actions were agreed which will be implemented during the current year. These relate to strategy and transformation post-COVID-19, increased focus on customer insight and ongoing monitoring of cultural change. Further details are set out on page 91.

The year ahead

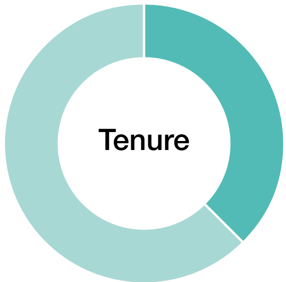
The 2019/20 financial year concluded in an unforeseen manner and our immediate priority for 2020/21 is to support the executives in managing the ongoing implications of the COVID-19 pandemic. We continue to focus on keeping our colleagues and customers safe, as we rebuild in a responsible way upon the strong foundations for a growing and sustainable business that had been laid before the pandemic hit.

Despite the challenges of the past few months, our colleagues have remained focused and positive. I would like to take this opportunity to pay tribute, on behalf of the Board, to their continued drive and commitment as we face the complexities of these uncertain times, both in general and in relation to our sector.

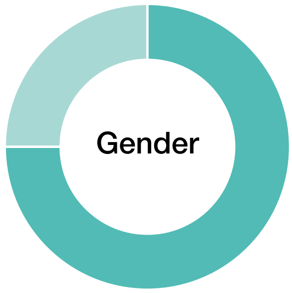
Alex Thursby
Chair

9 September 2020

Board composition



- 3-6 years: 3
- 0-3 years: 5



- Male: 6
- Female: 2

Alignment with the 2018 Code

	Pages
Board Leadership and Company Purpose	82 to 86
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Composition, Succession and Evaluation	89 to 94
Audit, Risk and Internal Control	68 to 76 and 95 to 101
Remuneration	105 to 126

A strong leadership team

Alex Thursby
Chair

Appointment
August 2017

Experience
Alex has over 30 years of experience within the banking sector. He was chief executive officer of National Bank of Abu Dhabi from 2013 to 2016 and he held senior roles at Australia and New Zealand Banking Group from 2007 to 2013 and at Standard Chartered Bank from 1987 to 2007. From 2008 to 2013 he was a non-independent non-executive director of the Bursa-Malaysia-listed AMMB Holdings Berhad, part of the AmBank Group, one of the largest banking groups in Malaysia. Alex was a non-executive director of Barclays Bank Plc from April 2018 to September 2019.

Other roles
Alex is Trustee at The Eden Rivers Trust and Chairman of the Board of Governors at Giggleswick School.

Committee membership
N F S

Independent

John O'Reilly
Chief Executive

Appointment
May 2018

Experience
John has extensive experience within the betting and gaming industry. He was a senior executive at Gala Coral Group between August 2011 and April 2015, prior to which he had a 19-year career at Ladbrokes. During his time at Ladbrokes, he held several senior positions, including managing director of remote betting and gaming, and also served as an executive director on the board of Ladbrokes plc between 2006 and 2010. He was a non-executive director of William Hill PLC between January 2017 and April 2018 and non-executive chairman of Grand Parade Limited between June 2015 and August 2016, when Grand Parade was sold to William Hill. John was also a non-executive director and chair of the remuneration committee at Telecity Group plc between September 2007 and January 2016.

Other roles
John is a member of the board of trustees of the prisoner befriending charity New Bridge Foundation and non-executive director of Weatherbys Limited.

Committee membership
F S

Non-Independent

Chris Bell
Senior Independent Director

Appointment
June 2015

Experience
Chris has 29 years' experience in the betting and gaming industry. He joined the Hilton Group in 1991 and became managing director of its Ladbrokes Worldwide business in 1994. He joined the board of Hilton Group Plc in 2000 and, following the disposal of its hotels division, became chief executive when it was renamed Ladbrokes Plc, until May 2010. Prior to joining the Hilton Group, Chris held several senior positions at Allied Lyons for 12 years. Chris was a non-executive director of Spirit Pub Company plc from August 2011 to June 2015, a senior independent director of Quintain Estates & Development plc from September 2010 to September 2015, and chairman of The GAME Group plc from January 2003 to March 2012. He was also a trustee of Northern Racing College from June 2014 to March 2017, a non-executive director of GamingRealms Plc from October 2017 to June 2018 and chair of TechFinancials, Inc. from October 2014 to March 2020.

Other roles
Chris is non-executive chairman of XLMedia PLC, where he a member of the audit and remuneration committee. He is non-executive chairman of OnTheMarket Plc where he chairs the nominations committee and is a member of the audit committee. Chris is non-executive chairman of Team17 Group Plc, where he chairs the nominations committee and serves on the audit and remuneration committees. He is also non-executive director of The Royal Airforce Charitable Trust Enterprises.

Committee membership
A N R S

Independent

Susan Hooper
Non-executive Director

Appointment
September 2015

Experience
Susan has extensive experience gained within large consumer-facing businesses combined with broad commercial non-executive experience. Susan was a non-executive director of the Department for Exiting the European Union from April 2017 until March 2020; she was managing director of British Gas Residential Services from January to October 2014 and chief executive of Saga's travel division from March 2009 to November 2013. Prior to 2009 she held senior roles at Royal Caribbean International, Avis Europe, PepsiCo International, McKinsey & Co, and Saatchi & Saatchi. She has also served as a non-executive director of: Whitbread PLC from September 2011 to January 2014; First Choice Holidays Limited from April 2005 to September 2007; RSA Insurance Group plc from August 2001 to March 2004; and Courtaulds Textiles Limited between October 1999 and June 2000. Susan was a non-executive director of Wizz Air Holdings Plc from March 2016 to June 2020.

Other roles
Susan is a non-executive director of Uber Britannia Limited, Uber London Limited and Affinity Water Limited, where she serves as chair of the remuneration committee. Susan also acts as advisor to Quintech, a founding director of ChapterZero.co.uk (climate change for Board chairs and directors) since June 2019, and as chair of Caresourcer.com since August 2019.

Committee membership
N R S

Independent

Committee key

- (A) Audit
- (N) Nominations
- (F) Finance
- (R) Remuneration
- (S) Safer gambling
- ( ) Chair

Karen Whitworth
Non-executive Director

Appointment
November 2019

Experience
Karen joined Rank in November 2019 as a non-executive director. Karen has 18 years' experience operating at board level in a variety of commercial, operational and governance roles across several private and publicly listed companies. More recently, Karen spent 10 years at J Sainsbury plc, the last three of which as a member of the Commercial Board and director of Non-Food Grocery and New Business and prior to that as Supply Chain Director. Also up until 2018, she served as a member of the supervisory board and audit committee at GS1 UK Limited. Karen's earlier career was spent at BGS Holdings Limited, an online entertainment business, and she held a number of senior roles at Intercontinental Hotels Group Plc between 2000 and 2005. Karen is a fellow of the ICAEW, having originally qualified as a chartered accountant at Coopers & Lybrand (now PwC).

Other roles
Karen is a non-executive director of Tritax Big Box REIT plc and serves on the audit & risk committee, the nominations committee and the management engagement committee. She is also a non-executive director of Pets at Home Plc, where she is chair of the audit and risk committee and a member of the nominations committee and corporate governance committee. Karen is also a non-executive director of Whitworth Corporate Holdings Limited and an Independent advisor to Grow up Urban Farms Limited.

Committee membership
A R S

Independent

Steven Esom
Non-executive Director

Appointment
March 2016

Experience
Steven has extensive commercial experience gained within several consumer-focused multi-site retail businesses. He had a 12-year career at Waitrose, the last five years of which were as managing director, and he has held several other senior and non-executive positions within the food sector. He was chairman of The Ice Organisation Limited from September 2011 to August 2015 and a non-executive director of The Carphone Warehouse Group plc from September 2005 to July 2009, and of Ocado Limited from October 2000 to February 2004. He was also senior independent non-executive director of Cranswick plc from December 2009 until November 2018. Steven was chair of BRC Global Standards from November 2011 to May 2020.

Other roles
Steven is non-executive chairman of The Advantage Travel Partnership and Sedex, as well as the independent chairman of the GB Boxing Board.

Committee membership
A N R

Independent

Tang Hong Cheong
Non-executive Director

Appointment
January 2019

Experience
Hong Cheong possesses board-based and C-suite expertise in finance, treasury, risk management, operations and strategic planning. He has over 40 years of in-depth experience in investment, manufacturing, financial services, property development, and the gaming and hospitality industries. Hong Cheong has been with the Hong Leong Group for more than 40 years holding various senior management positions.

Other roles
Hong Cheong is a Director and the President and CEO of Guoco Group Limited, listed on the Main Board of the Hong Kong Stock Exchange. He is also the Group Managing Director of GL Limited as well as a Director of GuocoLand Limited, both listed on the Singapore Stock Exchange, and a non-executive director of Lam Soon (Hong Kong) Limited which is listed on the Main Board of the Hong Kong Stock Exchange. He is also a member of the Malaysian Institute of Accountants.

Non-Independent

Bill Floydd
Chief Financial Officer

Appointment
May 2019

Experience
Bill joined Rank in November 2018 as chief financial officer and was appointed to the Board on 1 May 2019. Most recently, Bill was CFO at Experian Plc's UK and Ireland region where he contributed to strong revenue and EBIT growth while overseeing Experian's FCA authorisation process. Prior to this Bill spent 12 years in a variety of leadership positions at Logica Plc, where he led a turnaround of the UK business and a transformation of the global finance function. Bill is a chartered accountant, having qualified with Price Waterhouse.

Committee membership
F

Non-Independent

Luisa Wright
Company Secretary

Appointment
May 2018

Experience
Luisa is Rank's Group general counsel and company secretary. She joined Rank in May 2018, having spent six years as group general counsel and company secretary at international betting technology company Sportech PLC. Prior to that, she spent ten years at Olswang LLP, where she specialised in advising clients in the gambling, sport and media sectors.

Leadership

Board activities

The Board has overall responsibility for establishing Rank's purpose, values and strategy to deliver long-term sustainable success for the Company and generate value for shareholders. The directors place great importance on ensuring these key themes continue to be appropriate for the businesses and markets in which we operate, while being aligned with our culture. The directors also remain cognizant of their duties under s.172 of the Companies Act 2006 (please see page 77). The Board retains overall responsibility for ensuring there are effective controls in place which enable risk to be assessed and managed.

The Board's activities during the year reflected these responsibilities. At Board meetings, strategic "deep dives" were combined with regular standing items and the following pages provide an overview of such activities and also demonstrate how the Group's key stakeholders were considered within its discussions. Please also see pages 20 to 23 in this regard. Meeting agendas were agreed in advance by the chair, chief executive and company secretary, aiming to ensure sufficient time was spent in each meeting on the most important matters.

Strategic deep dives

At each meeting, the Board received presentations on selected significant matters in accordance with a timetable approved by it and enabling it to evaluate progress, provide insight and, where necessary, decide on appropriate action. During the year, this included the following "deep dives":

Key: Customers, Our people, Communities, Regulators, Shareholders, Suppliers

	Customers	Our people	Communities	Regulators	Shareholders	Suppliers
August 2019						
Culture	✓	✓	✓	✓		
September 2019						
Grosvenor	✓	✓		✓		✓
Integration	✓	✓		✓		✓
October 2019						
Mecca	✓	✓	✓	✓		✓
November 2019						
Retail marketing	✓		✓	✓		
Digital	✓	✓		✓		✓
Integration	✓	✓		✓		✓
January 2020						
International	✓	✓		✓	✓	✓
March 2020						
Mecca	✓	✓	✓	✓		✓
Grosvenor	✓	✓		✓		✓
ESG	✓	✓	✓	✓	✓	✓
Culture	✓	✓	✓	✓		
April 2020						
Safer gambling	✓	✓		✓		
COVID-19 planning	✓	✓	✓	✓	✓	✓
June 2020						
Integration	✓	✓		✓		✓
COVID-19 planning	✓	✓	✓	✓	✓	✓

In addition, a progress report was provided to each meeting on the transformation programme as a whole, enabling the Board to assess progress against milestones and consider challenges faced and the solutions or mitigating actions identified. From April onwards, such reports included an assessment of the impact of COVID-19 on the transformation programme.

The impact of COVID-19 on the business was discussed in detail, as mentioned above, at the Board's April and June meetings, and at other ad-hoc meetings held by the Board during the course of March, April and June as it considered, amongst other things, the Company's response to lockdown including cashflow, furlough arrangements, management of supplier relationships and property matters and then subsequently Rank's reopening plans. The chief executive also provided regular updates to the Board throughout the lockdown period on matters such as the impact of government announcements on Rank's businesses, the application of additional regulatory measures for online operators and Rank's contribution to the national effort (which is described in more detail on page 57).

Regular standing items

During the year, the chief executive, chief financial officer and chair, as appropriate, led discussions on the following matters:

Key: Customers, Our people, Communities, Regulators, Shareholders, Suppliers

Performance and operational matters

Business updates	• Considered operational and business performance. • Discussed and approved opportunities for business growth, notably the completion of the acquisition of Stride Gaming plc ("Stride"). • Received reports on the progress of the integration plan in respect of the acquired Stride business.
Regulatory matters and public affairs	• Received updates and progress reports on material communications with regulators (including the UK Gambling Commission ("UKGC")) and government departments, with a particular focus in the final quarter on the reopening of our venues following the COVID-19 lockdown. • Received briefings on, and considered impact of, changes in regulation and regulatory headwinds on the business. • Reviewed and approved submission of the Annual Assurance Statements to the UKGC. During the year, the chair also met with the chief executive and chair of the UKGC to discuss regulatory developments and best practice.

Governance

Board review	• Supported the internally facilitated Board review. For more detail, see page 91.
AGM	• Discussed feedback from shareholders and analysts' reports. • Approved resolutions to be put to shareholders at the AGM.
Board succession and diversity	• Approved the appointment of Alex Thursby as chair and Karen Whitworth as a new non-executive director of the Board and chair of the audit committee. • Considered progress of Rank's inclusion and diversity agenda (for more detail see page 48) and approach to succession planning.
Regulatory disclosures	• Reviewed and approved the annual report and accounts, notice of meeting, half- and full-year results announcements, trading updates (particularly in light of the impact of COVID-19 pandemic), modern slavery statement, gender pay gap report and tax strategy.

Financial updates

Capital, costs and budget	• Reviewed the Group's liquidity position, cost base and capital expenditure requirements for key projects, assessing opportunities for potential savings. • Discussed performance versus budget during the year and agreed the budget for 2020/21. • Considered the impact of COVID-19-driven changes to the consumer, economic, governmental and regulatory landscape on the 2020/21 financials.
Cashflow and dividend	• Reviewed cashflow, dividend cover and shareholder returns and the impact on the business of COVID-19, and agreed that a dividend will not be payable for the year under review.
Treasury matters	• Considered and agreed treasury, tax and financial-facility-related matters, including the impact of COVID-19 on bank covenants.
Regulatory and reporting	• Reviewed and assessed updated market guidance on Company performance at key points throughout the year. • Discussed the impact of IFRS 16 on the Company's financial reporting.
Risk	• Reviewed the Group risk profile with a focus on emerging risks and the impact of COVID-19. • Agreed the principal Group-level risks and the appropriate mitigating actions. • Engaged in regular robust debate in respect of the Group's risk tolerance. • For more detail see pages 68 to 76.

Principal committee updates

The chairs of the audit, remuneration, nominations, safer gambling and finance committees provided regular updates to the Board during the year on the key issues and topics raised at their respective committee meetings, as well as any recommendations for the Board's approval, ensuring that the Board as a whole remained updated throughout the year on the range of significant issues that it delegated. The impact of the COVID-19 pandemic was apparent in such updates, most notably in respect of the going concern and viability statement assessment, implementation of additional safer gambling initiatives and considerations for the new remuneration policy. Individual reports for the nominations, audit, safer gambling and remuneration committees are set out on the following pages. The finance committee, in relation to which the terms of reference are currently under review, is chaired by the chair of the Board and its members comprise the chair, the chief executive and the chief financial officer. The company secretary acts as secretary to the finance committee. It met on six formally scheduled occasions during the year and the issues that it discussed included trading and financial reporting, estate management issues, delegations of authority, insurance cover and uninsured risks, non-executive director fees, subsidiary board composition and commercial agreements within its delegated authority.

Sub-committees of the Board

From time to time, the Board delegates responsibilities to other committees, set up for a specific purpose. During the year under review, two such committees held meetings (please see page 87 for their respective members). The M&A sub-committee, appointed the previous financial year, oversaw the finalisation of documents to complete the acquisition of Stride Gaming Plc in October 2019. Then, in April 2020, the Board determined that a COVID-19 sub-committee be convened to support management in developing and reviewing the plans required to adapt operations to the pandemic. The COVID-19 sub-committee analysed in detail management's post-lockdown mobilisation plans, reviewing changes to assumptions, challenging the cost and revenue modelling work undertaken by management and its proposed approach to reopening, considering the manner in which such assumptions and modelling work had been translated into a three-year cash model, and discussing the impact on colleagues and customers, including a review of how management planned to deliver social distancing within its operations upon reopening.

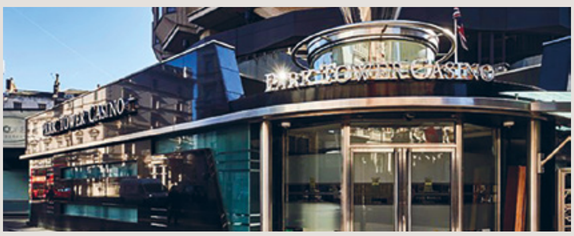
Board in action – strategy day

In early March 2020, the Board met for its annual strategy day in Manchester. This year, the discussions concentrated on progress of the transformation plan towards Rank's ambition to become a £1bn revenue international gaming company by 2023. In preparation for the day the Board received a reading pack which provided comprehensive background information and context for the discussions to follow. Prior to the strategy day in Manchester, directors visited at least one venue each and discussed with the respective general manager at each venue the plans for the Manchester clubs and, in particular, the venues safer gambling plan. The day itself comprised presentations and discussions covering the following five areas: (i) overall strategic and financial progress made by the business, and market landscape, (ii) Mecca venues and digital, considered on a cross-channel basis and providing a critical assessment of the current position and the strategy to drive further growth, (iii) Grosvenor venues and digital, considered on a cross-channel basis as for Mecca, (iv) ESG, with a review of progress made by the business to-date, key areas for focus going forwards and including a "deep dive" into safer gambling, and (v) culture, considered as a step-back session to identify priority areas on which to focus to drive further change.

Members of the executive committee joined the Board for part of the day to contribute to the discussions. Following the strategy day, the conclusions were considered further by the executive committee and the various transformation workstreams were further analysed and adjusted as a result, both in terms of actions, timing for delivery and priorities.

Board in action – club visits

To support the development and delivery of the Group's strategy and to assess Rank's culture, directors during the year undertook visits to the Company's Grosvenor and Mecca venues. These visits serve an important purpose, enabling the directors to meet and hear directly from local teams and see operations on the ground. Such coordinated visits help inform, and set the scene for the Board's discussions during the year.



Culture

Values

Rank's culture is underpinned by its values and purpose. The Board is committed to maintaining a strong culture that is aligned to the Company's strategy and ensuring that the Company's values and purpose are a key driver for success.

The Board monitors culture through a range of touchpoints throughout the year and how it aligns with our purpose and values. Key activities during the 2019/20 financial year included:

- Understanding regulatory and compliance requirements, and monitoring performance against them.
- Discussing culture as a specific transformation workstream and understanding the impact of COVID-19 on Rank's culture.
- Receiving deep-dive presentations on transformation initiatives, including in respect of safer gambling, many of which have been proposed from within the business.
- Workforce engagement.
- Reviewing diversity and inclusion statistics and evaluating progress in this area.
- Discussing results of employee engagement surveys.
- Reviewing concerns identified through whistleblowing reports.
- Reviewing health & safety performance and trends.
- Assessing internal audit reports and findings.

In the business itself, we seek to ensure that workforce policies and practices are consistent with the Company's values and purpose.

Whistleblowing

Speaking Up, the Group's whistleblowing programme, has been in place for a number of years. It enables employees, suppliers and other stakeholders to raise issues regarding possible improprieties in confidence and, if they wish, anonymously. During 2019/20, the audit committee approved the implementation of a refreshed policy and procedure across the Group, offering multilingual communication channels operated by an independent service provider who submits reports to the allocated, appropriate individual within the business for investigation as necessary. Reports received during the year were kept strictly confidential and the concerns identified were referred to appropriate managers within the Group for investigation and resolution. The audit committee received an analysis of all reports submitted via the Speaking Up programme during the year.

Anti-corruption and bribery, gifts and hospitality

We are committed to maintaining the highest standards of ethics and compliance with all relevant laws wherever we do business, and we do not tolerate any form of bribery or corruption. Rank has in place policies, procedures, training, management systems and internal controls to prevent bribery and corruption occurring. These include requiring due diligence to be carried out on individuals or companies who will perform services for us, or on our behalf, as well as a requirement that all individuals working for us adhere to our anti-corruption and bribery, gifts and hospitality policy, which requires them to consider the appropriateness of the giving and receiving of gifts and hospitality and is reinforced by having different approval levels. We regularly monitor this area, and continued to do so throughout the 2019/20 financial year, including its suitability, adequacy and effectiveness, and the implementation of improvements as appropriate.

Modern slavery

The Group's modern slavery and human trafficking statement is submitted to the Board for approval each year. The statement is published on the Company's website.

Workforce engagement

As set out in our previous annual report, Alex Thursby was appointed the designated non-executive director for workforce engagement in October 2018. Following his appointment as chair, in November 2019 the Board appointed Steven Esom to this position.

Engagement is structured through various employee forums, that meet regularly throughout the year with overriding themes reported by the designated non-executive director and the Group human resources director back to the Board. The Board takes its responsibilities seriously to ensure employees' voices are heard and it recognises that the next challenges are to build on the views received by the Board and ensure these views are listened to and acted upon as part of the long-term success of the Group. For more information, please see pages 49 to 51.

Shareholder relations

Engagement with shareholders

The Board is committed to maintaining an open dialogue with current and potential shareholders and undertakes a comprehensive programme of engagement. In a typical year, the programme is focused on meetings conducted by the chief executive, chief financial officer and director of investor relations and communications to discuss, amongst other matters, strategy, operational performance, market trends, financial and balance sheet strength, and governance. Moreover, these interactions afford an opportunity to collect feedback from institutional investors which is then communicated to the Board. These meetings are supplemented by meetings hosted by the chair, the senior independent director and the chair of the remuneration committee to discuss governance and remuneration matters, as appropriate.

During the 2019/20 financial year, given that Rank is a 56.15% subsidiary of Hong Leong Company (Malaysia) Berhad ("Hong Leong"), the chief executive and other members of Rank's executive management team met with representatives of Hong Leong four times. In addition, a total of 46 meetings with other current and potential institutional shareholders were attended by one or more of the chief executive, the chief financial officer and the chair as part of a comprehensive programme of engagement. In addition, a further 13 meetings were held following the outbreak of the COVID-19 pandemic, and consequent closure of our venues.

Between March 2020 and June 2020, the chair of the remuneration committee conducted a consultation with shareholders on the proposed new remuneration policy for the executive directors. Communications were sent to the majority shareholder and institutional investors setting out the proposal for the new policy for discussion, with engagement to the extent requested. The remuneration policy will be presented to shareholders at the 2020 AGM. For further information please see the remuneration report on page 105.

Corporate website

The principal method of communicating with all shareholders is via the corporate website, www.rank.com. This has a dedicated investor section which includes our annual reports, results presentations (which are given to analysts and investors at the time of the full-year and half-year results) and regulatory announcements.

Annual report

Our annual report is available to all shareholders on the Company's website. Shareholders can opt to receive a hard copy by post from the registrar.

Annual general meeting

The 2020 AGM will be held on 11 November 2020, providing a valuable opportunity for communication between the Board and shareholders. In light of the impact and restrictions imposed due to the COVID-19 pandemic it may not be possible to provide the opportunity for a physical social gathering at the forthcoming AGM. If this is the case, further details on how shareholders will be able to participate in the meeting will be detailed as part of the AGM notice.

Shareholders will be invited to vote on the formal resolutions contained in the AGM notice, which will be published at least 20 working days before the AGM. The full text of the notice of meeting, together with explanatory notes, will be set out in a separate document at www.rank.com. If a shareholder has chosen paper information, the notice will be enclosed with their hard copy of this annual report. Shareholders wishing to change their election may do so at any time by contacting the Company's registrar, details of which can be found on page 204 and on our website at www.rank.com.

Shareholders may use electronic means to vote, or appoint a proxy to vote on their behalf, at the annual and other general meetings of the Company.

Following the meeting, the business presentation, voting results and a summary of the questions and answers are made available at www.rank.com, or in printed format on request.

Governance structure and division of responsibilities

Governance structure

The Board is ultimately responsible for the direction, management, performance and long-term success of the Company. It meets formally on a regular basis, with additional ad-hoc meetings scheduled in line with business needs, and the directors view such meetings as an important mechanism through which they discharge their duties, particularly under s.172 of the Companies Act 2006.

Whilst the Board retains ultimate responsibility for the exercise of its powers and authorities, there is a formal framework of committees of the Board to support it in discharging its duties, as set out below. Each such committee operates under terms of reference approved by the Board. The terms of reference are reviewed annually and can be found on the Company's website, www.rank.com.

The Rank Group Plc Board

Audit Committee

The audit committee oversees the Group's financial reporting and monitors the independence of internal and external audit. It is responsible for internal controls and monitors risk management including the identification of emerging risks. The Committee is responsible for the relationship with the external auditor. The Committee's report for the year is set out on pages 95 to 101.

Nominations Committee

The nominations committee recommends appointments to the Board and oversees succession planning for directors and the process for succession planning for the senior management team. It ensures that there is an appropriate mix of skills and experience on the Board. The Committee promotes diversity on the Board and in the Group. The Committee's report for the year is set out on pages 92 to 94.

Remuneration Committee

The remuneration committee is responsible for establishing a remuneration policy and setting the remuneration for the chair of the Board, executive directors and senior management. It oversees remuneration policies and practices across the Group. The Committee is responsible for the alignment of reward, incentives and culture and approves bonus plans and long-term incentive plans for the executive directors and senior management. The Committee's report for the year is set out on pages 105 to 126.

Finance Committee[1]

The finance committee is authorised by the Board to approve capital expenditure and make finance decisions for the Group up to authorised limits in accordance with Group's delegation of authority. The finance committee also acts as the Board's disclosure committee for the purposes of the Market Abuse Regulation ("MAR").

Safer Gambling Committee

The safer gambling committee reviews and makes recommendations in relation to Rank's strategy for the prevention of gambling-related harm. It reviews the results of safer gambling research projects and initiatives undertaken by Rank and keeps under review the effectiveness of Rank's systems for identifying and interacting with customers who are at risk of becoming problem gamblers. The Committee's report for the year is set out on pages 102 to 104.

Operational support is provided to the Board through the executive committee, which comprises the chief executive, chief financial officer, the Group general counsel and company secretary and senior executive management from across the Group.

Three other executive management committees, the risk committee, the health and safety committee and the compliance committee, support and report to the Board, the audit committee and the executive committee respectively in order to ensure that the appropriate internal controls for risk management are implemented and monitored. For more information about the Company's approach to risk management, please see pages 68 to 76.

In addition, the Board from time to time delegates specific responsibilities to other committees, set up for a specific purpose. As mentioned above, during the year under review, two such committees held meetings; the M&A sub-committee, which comprised the chair, the chief executive and the chief financial officer; and the COVID-19 sub-committee, which comprised the chair, the chair of the audit committee, the non-independent non-executive director, the chief executive and the chief financial officer.

1. The current terms of reference for the finance committee, which can be found on www.rank.com, and its role in the Group's delegation of authority are under review.

Division of responsibilities

Chair and chief executive

Rank has established a clear division between the respective responsibilities of the non-executive chair and the chief executive.

The chair

- Is responsible for the leadership and effectiveness of the Board, including setting its agenda, overseeing corporate governance matters and undertaking the evaluation of the Board, its committees and directors.
- Ensures that the Board as a whole plays a full and constructive part in the development and determination of Rank's strategy.
- Oversees effective engagement with the Company's various stakeholders.
- Ensures a culture of openness and debate around the Board table.
- Sets and manages the Board's agenda, ensuring that directors receive accurate, timely and clear information and that they are fully informed of relevant matters, so as to promote effective and constructive debate and support sound decision-making.
- Ensures that adequate time is available for discussion of the principal risks, important matters and key decisions affecting the Company.

The chief executive

- Is accountable to the Board for all aspects of the performance and management of the Group, including developing business strategies for Board approval and achieving timely and effective implementation while managing risk.
- Is responsible for the day-to-day operations of the business.
- Ensures effective communication with all stakeholders.
- Manages the executive committee and is responsible for leading and motivating a large workforce of people.
- Promotes the strategy, values, ambition and purpose of Rank and conducts the Company's affairs to the highest standards of integrity, probity and corporate governance.
- Takes responsibility for Group health and safety policies.
- Is responsible for embedding a safer gambling culture across the Group.

Non-executive directors and senior independent director

The non-executive directors support the chair and provide objective and constructive challenge to management. They are required by their role to, amongst other things, oversee the delivery of the strategy within the risk appetite set by the Board, scrutinise the performance of management in meeting agreed goals and objectives, monitor the reporting of performance and ensure compliance with regulatory requirements. The non-executive directors participate in meetings held by the chair without the executive directors present.

The senior independent director, Chris Bell, provides a sounding board for the chair and serves as an intermediary for the chief executive and other directors when necessary. He leads the process of evaluating the chair's performance and is available if shareholders have any concerns that they have been unable to resolve through the normal channels.

Company secretary

The company secretary makes sure that appropriate and timely information is provided to the Board and its committees and is responsible for advising and supporting the chair and the Board on all governance matters. All directors have access to the company secretary and may take independent professional advice at the Company's expense in furtherance of their duties.

Composition and evaluation

Board composition and balance

As at the date of this report, the Board comprises: a non-executive chair (who was independent on his appointment to the Board); a non-independent non-executive director; four independent non-executive directors; and two executive directors – the chief executive and the chief financial officer. The names and biographies of all directors are published on pages 81 to 82.

The Board is satisfied that it is well balanced, providing a collective competence to suit the Group's developing needs and an appropriate blend of executive and non-executive skill. More than half of the Board, excluding the chair, is independent. All non-executive directors are required to disclose their other significant commitments, both before appointment and following subsequent changes so that the Board can satisfy itself that each director has sufficient time to discharge their responsibilities effectively. The composition and chair-ship of the committees are considered annually and have been considered during the period under review. Composition is also considered on an ad-hoc basis as required.

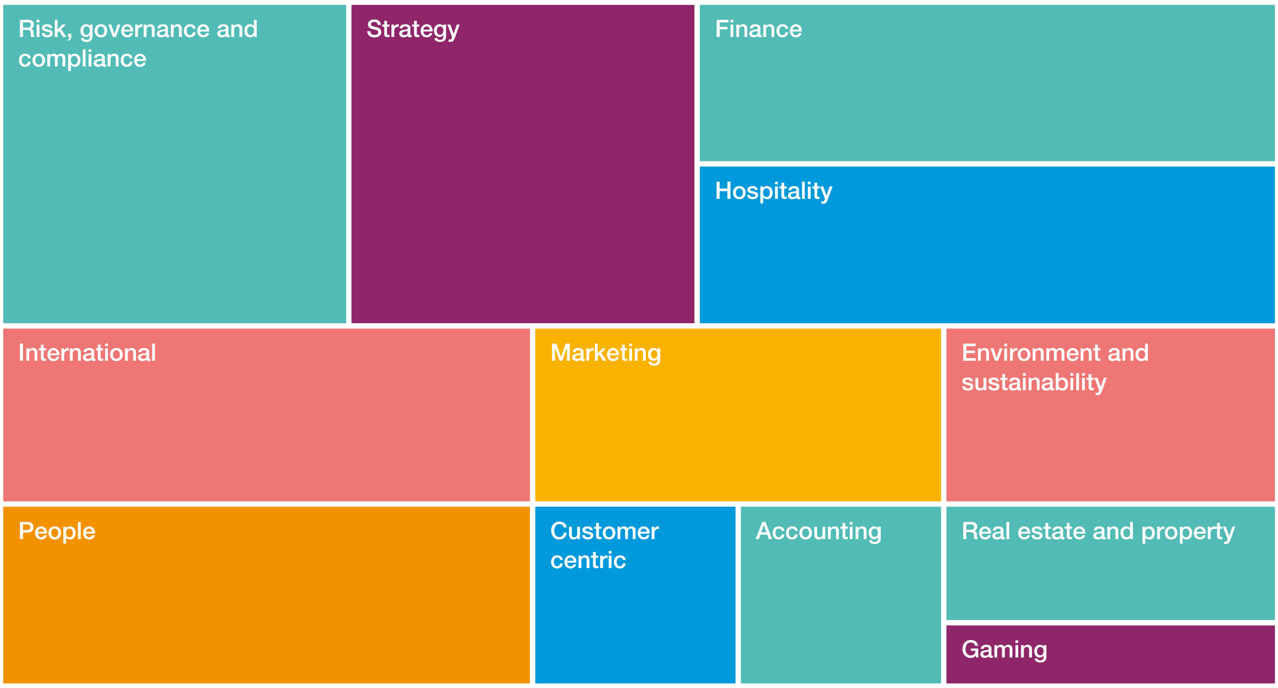
Board diversity

Rank recognises the importance of a diverse Board, bringing together an appropriate mix of skills and experience to ensure the future success of our business, and the Board is supportive of the objectives of the Hampton-Alexander review, the Parker Review Report and other reviews to promote diversity. For more information on inclusion and diversity, please see page 48.

Board skills

The nominations committee conducted a full review of non-executive directors' skills during the year and, further to such review, the Board is satisfied that it has the necessary mix of skills, knowledge and experience to fulfil its role effectively. The skills and experience of the non-executive directors is summarised below.

Board skills matrix



Information and training

During the 2019/20 financial year, the directors received monthly reports of current and forecast trading results and treasury positions. They also received regular briefings with regard to matters affecting the Group's businesses, such as the political and regulatory environment and the impact of the COVID-19 pandemic on the business.

The directors received training on (amongst other things) regulatory developments to the UK Listing Rules, the Market Abuse Regulation ("MAR"), corporate governance, and gambling regulatory and compliance matters. All directors also received a detailed directors' duties refresher session led by external legal counsel, and briefings from the Group's auditor on matters such as narrative reporting, executive remuneration, going concern and the role of the audit committee. Directors are invited to identify to the company secretary any additional desired information, skills and knowledge enhancements that they require.

Board induction

All new Board members receive an induction following their appointment, which is led by the company secretary and comprises both a general and a personalised programme. The general induction includes their duties and responsibilities as a director of a listed company and the Company's corporate governance structure, whilst the personalised induction is devised and tailored to each new director's background, experience and role.

Induction in action

Karen Whitworth
Non-executive Director

Karen Whitworth, as a new non-executive director, participated in an induction programme upon her appointment to the Board to gain insight into the Group. The programme was tailored in anticipation of her appointment as chair of the audit committee. It comprised:

Finance, risk and audit – in-depth sessions with the CFO to gain an understanding of the Group's financial overview and accounting matters, together with key executives to understand the financial risks and challenges for the Group. Karen also met with the director of internal audit to gain an understanding of the internal controls and risk management framework, and with the external audit partner to gain an insight into the external audit process and the external auditor's relationship with Rank. Meetings with the Board chair, as the outgoing audit committee chair, to enable an effective hand over.

Business & strategy – meetings with the CEO and each member of the executive committee to obtain insights into management structure, operations and strategy across the Group, including IT, governance and employee interests.

Regulations – briefing sessions with the Group general counsel and company secretary, the director of compliance and responsible gambling, the head of safer gambling and the director of public policy to gain a deeper understanding of the compliance framework at Rank, broader gaming industry regulation and the Group's relationships with regulators.

Site visits – a series of site visits to see the business and our competitors in action, which included direct experience of our customer journeys and gaming products.

Board and committee meeting attendance

The directors' attendance at formally scheduled Board and committee meetings during the year is recorded in the table below. It shows the number of formally scheduled Board and committee meetings attended by each director against the number of such meetings that the relevant director was eligible to attend as a member.

Name	Full Board	Audit committee	Nominations committee	Finance committee	Remuneration committee	Safer gambling committee
Chris Bell	8/8	4/4	3/3	n/a	4/4	4/4
Ian Burke[1]	3/3	n/a	1/1	3/3	n/a	1/1
Steven Esom	8/8	4/4	3/3	n/a	4/4	n/a
Bill Floydd	8/8	n/a	n/a	6/6	n/a	n/a
Susan Hooper	8/8	n/a	3/3	n/a	4/4	4/4
Alan Morgan[2]	0/0	n/a	n/a	0/0	n/a	n/a
John O'Reilly[3]	8/8	n/a	n/a	5/6	n/a	4/4
Tang Hong Cheong	8/8	n/a	n/a	n/a	n/a	n/a
Alex Thursby[4]	8/8	1/1	3/3	3/3	1/1	3/3
Karen Whitworth[5]	5/5	3/3	n/a	n/a	2/3	3/3

1. Ian Burke resigned from the Board on 17 October 2019, choosing not to stand for re-election at the 2019 AGM.
2. Alan Morgan resigned from the Board and left the Company on 31 July 2019.
3. John O'Reilly was unable to join one finance committee meeting that was held remotely due to technical issues.
4. Alex Thursby was appointed as chair to the Board on 17 October 2019.
5. Karen Whitworth was appointed to the Board on 4 November 2019. Due to an unavoidable clash with the November meeting of another listed company for which she is a non-executive director, she was unable to join Rank's remuneration committee meeting in November 2019.

Board effectiveness review

A formal and rigorous review of the effectiveness of the Board, its committees and each director is conducted each year. Given that an externally facilitated evaluation was held during the previous financial year, it was determined that the process for this financial year would be facilitated internally. The following process was followed for the 2019/20 evaluation:

Stage 1
Decision taken for exercise to be facilitated by the company secretary

↓

Stage 2
Evaluation process and questionnaires agreed

↓

Stage 3
Evaluation questionnaires completed

↓

Stage 4
Evaluation findings presented

↓

Stage 5
Improvements and areas of focus identified for the Board and each committee for the forthcoming year

Overall, the directors believed that the Board was functioning well. There was felt to be a good atmosphere and mutual respect around the Board with a culture that was open and transparent. However, the current environment and challenges for the Company present an opportunity to reflect on how the Board might evolve to best meet the needs of all stakeholders. The results and recommendations from the evaluation were discussed in full by the Board and areas for particular focus agreed as follows:

1. **Strategy and transformation post-COVID-19** – review and challenge the strategy and transformation plan in light of impact of COVID-19 and build into the Board programme ongoing assessment against strategic objectives.
2. **Focus on customer insight and data analytics** – receive more updates on customer insight and use of data analytics within the business, so as to enable the Board to provide more challenge as to progress in this area.
3. **Cultural and behavioural oversight** – revisit the transformation culture workstream and challenge how progress is monitored, further develop the Board's understanding of wider workforce views, and ensure ongoing appropriate focus on safer gambling.
4. **Board papers** – consider revisiting the format of papers so as to ensure discussions continue to focus on the important matters.

The areas of focus for each committee is set out in the respective committee reports.

During the year, the chair held one-to-one meetings with all non-executive directors to discuss their performance, drawing on the results of the evaluation exercise and to identify whether they continue to contribute effectively to the Board and demonstrate commitment to their role. The chair also met with and evaluated the performance of the chief executive utilising feedback from the exercise, and the chief executive and the chief financial officer did the same as part of the chief financial officer's performance review. The senior independent director combined responses to the exercise with feedback from separate discussions he held with the non-executive directors on the performance of the chair, before discussing the results with the chair.

Conflicts of interest

The Group believes it has effective procedures in place to monitor and deal with potential conflicts of interest and ensure that any related-party transactions involving directors, or their connected parties, are conducted on an arm's-length basis.

Directors are required to disclose any conflicts of interest immediately as and when they arise throughout the year. In addition, a formal process is undertaken each year when all directors confirm to the Board details of any other directorships which they hold. These are assessed by the nominations committee, and then the Board. No director is counted as part of a quorum in respect of the authorisation of his or her own conflict.

Insurance cover

The Company has arranged insurance cover and indemnifies directors in respect of legal action against them to the extent permitted by law. Neither the insurance nor the indemnity applies in situations where a director has acted fraudulently or dishonestly.

Board re-election

In accordance with the Company's articles of association and the 2018 Code, all continuing directors will stand for re-election and Karen Whitworth, as a new director appointed during the year, will stand for election at the 2020 AGM.

Nominations committee

Alex Thursby
Chair

Other committee members

Chris Bell
Steven Esom
Susan Hooper

Other attendees

Company secretary

Dear shareholders

I am pleased to present the nominations committee ("Committee") report covering the work of the Committee during the 2019/20 financial year. It has been a busy year for the Committee, with a number of changes to the Board and its committees and to the executive committee. There has also been a renewed focus on succession planning and our inclusion and diversity strategy, as set out in this report.

Purpose and meetings

The nominations committee is responsible for leading the process for appointments, ensuring plans are in place for orderly succession to both the board and senior management positions, and overseeing the development of a diverse pipeline for succession.

The formal terms of reference of the Committee are available at www.rank.com or by written request to the company secretary, and details of all members during the year are set out on page 94.

The company secretary acts as secretary to the Committee and, in order to ensure there are fully informed discussions, the chief executive and human resources director are invited to attend meetings as appropriate.

The Committee met on three formally scheduled occasions during the year under review and the attendance of its members at these meetings is set out on page 90.

New appointments

There is a formal, rigorous and transparent procedure for the appointment of new directors to the Board, as demonstrated during the year by the completion of the process to appoint a new Board chair and the process to appoint a new non-executive director and audit committee chair.

I was appointed as Board chair with effect from the conclusion of the 2019 annual general meeting on 17 October 2019, following Ian Burke's resignation (as anticipated in the 2019 annual report). I also took on the role of chair of the nominations and finance committees respectively with effect from 17 October 2019. I chaired the audit committee from October 2017 to October 2019, stepping down when I was appointed as Board chair.

Karen Whitworth was appointed to the Board with effect from 4 November 2019 for an initial term of three years, subject to election at the forthcoming annual general meeting ("AGM"). She became a member of the audit, remuneration and safer gambling committees upon appointment and was appointed as chair of the audit committee with effect from 21 November 2019.

The search for a new Board chair was led, on behalf of the Committee, by the senior independent director, Chris Bell, and the search for a new non-executive director and audit committee chair was led, on behalf of the Committee, by me as the existing audit committee chair. In each case, the Committee (i) considered the key skills and experience desirable for the role, including, in relation to the process to appoint a new audit committee chair, the requisite levels of finance and accounting or auditing experience; (ii) confirmed that the appointee should be independent; (iii) determined the external headhunters it would engage to assist with the new appointment, in each case being Korn Ferry (which has no connection with the Company or other directors); and (iv) considered the timetable for the process. Further to this, in respect of each process, a long-list of candidates was drawn up. This list of candidates was considered against the balance of skills, knowledge, independence, diversity and experience of the current Board and then narrowed down to a shortlist. In each case, those on the shortlist were interviewed by the Committee member leading the search, the chief executive, the Group human resources director and other members of the Committee and Board, as appropriate; and the strengths of each respective candidate were considered, alongside the time commitment required for each role. Following such interviews, each process concluded with a final recommendation of a preferred candidate by the Committee to the Board. A tailored induction programme was then provided in respect of each new role. More information on Karen Whitworth's induction programme, as a new director on the Board, can be found on page 90.

During the year, the Committee also approved the following appointments to the executive committee:

- Venues managing director – as anticipated in the 2019 annual report, Jonathon Swaine joined Rank in October 2019 as the venues managing director. He joined from Fullers, Smith and Turner plc where he had been managing director of Fullers Inns since 2012.
- Rank Interactive managing director – following the acquisition of Stride Gaming plc in October 2019, Eitan Boyd joined Rank as the Rank Interactive managing director. He brings a wealth of experience, having worked in the online gaming industry for over 20 years, most recently as Stride's chief executive.
- Rank Interactive director of operations and strategy – following the acquisition of Stride Gaming plc in October 2019, Darren Sims joined Rank as the Rank Interactive director of operations and strategy. He brings in excess of 17 years of experience in the digital gaming industry and, prior to joining Rank, was Stride's chief operating officer.
- Chief information officer – Jonathan Plumb, who had previously been Rank's technology delivery director, was appointed as chief information officer on an interim basis in September 2019 and on a permanent basis in February 2020. He has significant experience in delivering strategic, transformation and integration technology change programmes, both inside and outside of the gaming industry, and joined Rank from GVC Holdings PLC.

Succession planning

Effective succession plans are maintained for Board, executive and other senior management. During the year, the Committee reviewed such plans and determined those areas requiring particular focus for the forthcoming year, including diversity within the senior management population and development plans for certain areas of senior management. I can confirm that the Committee has carried out its role in succession planning effectively during the year and, whilst there is clearly more work to be done, the focus of the Committee will help to ensure that a diverse pipeline of talented individuals is developed and available to support the Group in meeting its strategy.

The appointment of Jonathan Plumb to chief information officer from technology delivery director (see above) demonstrates succession planning in action at a senior management level during the year under review. This was further demonstrated by other internal promotions during the year within the international business in particular.

Board composition, tenure and skills

The Committee keeps the Board's size and structure under review and in the first half of the financial year undertook a detailed review of the skillsets and tenures of current Board members. We concluded that the size of the Board, with eight directors (independent Board chair, two executive directors, one non-independent non-executive director and four independent non-executive directors), is appropriate at this time and an appropriate blend of executive and non-executive skills. In addition, and particularly following recent changes, the Committee concluded that the Board is well balanced, providing a collective competence to suit the Group's current needs. The current directors have a wide range of backgrounds and knowledge of a number of different sectors, including gambling and leisure, as more particularly described in their respective biographies on pages 80 to 81 and on page 89. Nevertheless, the Committee is committed to keeping this under review, including in particular whether the addition of any other skillsets would be beneficial and noting the length of tenure of the directors.

The composition and chair-ship of the Board's committees are considered annually and have also been considered during the period under review, with due regard to the skills, experience and knowledge of members of each of the same. The Committee also periodically reviewed the composition of the executive committee.

Board and senior management diversity

We recognise that to be a successful Company, Rank must be both diverse and inclusive. Our policy is to recruit the best candidate having regard to the skills and experience required, but with a mind to diversity, including gender and ethnicity. In support of promoting the long-term success of the Company, the Committee is responsible for developing measurable objectives to assist in the implementation of this policy and for monitoring progress towards the achievement of such objectives.

In connection with this responsibility, during the year the Committee welcomed the introduction of a refreshed inclusion and diversity strategy, which is based on four key aims: (1) to create an inclusive environment which facilitates our colleagues to develop, be creative and deliver exceptional service; (2) to ensure there is a diverse workforce across all grades; (3) to make inclusion and diversity integral to how we do business; and (4) to demonstrate leadership on inclusion and diversity, internally and externally, which will position Rank as an "employer of choice". The strategy emphasises the desire to achieve a diverse workforce across all grades. Progress against these strategic aims is being monitored and measured and will be reported to the Committee on an ongoing basis. Further information on the strategy can be found on page 48.

We are committed to increasing the percentage of women in senior positions in the Company. As at 30 June 2020, 25% of the Board was female (25% at the date of this report), 20% of the executive committee (20% as at the date of this report) and 33% of management-level direct reports to the executive committee (33% as at the date of this report). Whilst there has been progress in some areas during the year, the Committee recognises that further work is required. Further details of the gender breakdown of directors, senior management and the Group can be found on page 49 of this report. We are also committed to, and the Board is currently in line with, the recommendations of the Parker Report.

Committee evaluation

Last year, the Committee determined to give renewed focus to succession planning and its approach to Board and executive committee appointments in respect of key skills, capability and diversity. I am comfortable that the Committee has given such areas due focus during the year. The Committee also reiterated the need for closer monitoring of plans, actions and progress in the areas of succession planning and diversity, and again I am comfortable that there has been good progress in this regard.

This year's Committee's evaluation exercise, facilitated internally by the company secretary (following use of an external provider last year), concluded that the Committee continues to operate effectively. Having considered the findings, the Committee agreed that its focus for the forthcoming year should be:

- To ensure that the succession plans for the chief executive and chief financial officer, as well as the wider executive committee, continue to be developed;
- To ensure even greater focus on, and evaluation of, actions in relation to inclusion and diversity; and
- To develop its thinking in relation to succession planning and diversity further in the context of strategy post-transformation.

I look forward to meeting shareholders at the forthcoming AGM, when I will be happy to answer any questions on this report.

Alex Thursby
Chair of the nominations committee

Committee membership during the year

Name	Committee member since	Notes
Chris Bell	**July 2015**	
Ian Burke	**June 2014**	Ian Burke stepped down as chair and member in October 2019
Alex Thursby (chair)	**August 2017**	Alex Thursby took over as chair in October 2019
Steven Esom	**March 2016**	
Susan Hooper	**September 2015**	

Audit committee

Karen Whitworth
Chair

Other committee members

Chris Bell
Steven Esom

Other attendees

Chief executive
Chief financial officer
Company secretary
Director of internal audit
External auditor

Purpose and meetings

The role of the Committee is primarily to support the Board in fulfilling its corporate governance obligations so far as they relate to the Group's risk management systems, financial reporting and internal controls.

The formal terms of reference of the Committee are available at www.rank.com or by written request to the company secretary, and details of all members during the year are set out on page 101. The company secretary acts as secretary to the Committee.

The Committee met on four formally scheduled occasions during the year under review and the attendance of its members at such meetings is set out on page 90.

Members of the Committee met separately during the year under review to discuss matters without the presence of management. Each of the external auditor and the internal auditor were also provided the opportunity at each meeting to discuss any issues with the Committee without the presence of executive management.

Dear shareholders

I am pleased to present the audit committee ("Committee") report for the 2019/20 financial year, my first as chair. This report provides an insight into the activities undertaken or overseen by the Committee in fulfilling its role during the year.

The responsibilities of the Committee during the year have not changed and, amongst other things, we have continued to focus and monitor progress on the ongoing development of the Company's risk management systems. Of note, this year we also considered the Stride integration, Stride acquisition accounting and the presentation of separately disclosed items ("SDIs").

Inevitably, and of most significance, the Committee's focus for the final quarter of the year, and for year-end, has been on the impact of the COVID-19 pandemic on the business, including in relation to the measurement of assets and liabilities at year-end and our going concern (including cash flow forecasts) and viability statements. The Committee has considered the issues impacting the Group in great detail and has concluded that there are two key material uncertainties in the approved base case three-year strategic plan, namely the assumptions in the Group's reopening plans for its venues businesses after the COVID-19 restrictions were lifted by the UK, Spanish and Belgium governments, and the Group's projected compliance with its banking covenants in the downside modelling. This is explained in detail on pages 69 to 76. In its own review, the Committee noted the detailed work undertaken by management in relation to the initial version of the base case strategic plan developed in May 2020, which was analysed and challenged by the COVID-19 sub-committee (constituted by the Board and delegated authority to review the base plans and the assumptions, risks and modelling work conducted in relation to the same – please see page 100 for more information) and subsequently presented to the Board and the Committee for review. The plan went through further iterations as the situation continued to develop, most notably when our Mecca venues reopened, and then when our Grosvenor venues reopened, with the most recent plan available then being used by the Committee as the basis for undertaking the assessment for going concern and viability statement purposes and impairment reviews. In doing so it considered current funding arrangements and access to further funding, the reverse stress test analysis conducted by the business, potential mitigating actions and initial post lockdown trading versus forecast assumptions. It concluded that a robust assessment has been conducted in relation to the Group's ability to operate on a going concern basis and its longer-term viability and affirmed the reasonableness of the assumptions made. Further to such conclusion, and notwithstanding the material uncertainties identified, the Committee recommended to the Board that it adopt the proposed statements set out on pages 69 to 71. The ongoing monitoring and assessment of the impact of COVID-19 will continue to be a key area of focus for the Committee into the new financial year

The closing of our venues as a result of the COVID-19 pandemic, and the consequential impact on the rest of the business, also led to a re-assessment of principal and

emerging risks by the Committee (please see page 73 for more information in this regard) and a detailed review by the Committee of the additional disclosure for impairment analysis based upon reasonable changes to key assumptions in light of COVID-19.

Governance

All members of the Committee are independent non-executive directors and the Committee has significant knowledge and business experience in financial reporting, risk management, internal control and strategic management. In addition, I meet the requirement to bring recent and relevant financial experience to the Committee and further information about my experience can be found on page 81. I can confirm that the Board is satisfied that the Committee has the resources and expertise to fulfil its responsibilities and, has competence relevant to the sector in which the Company operates.

From October 2017 until his appointment as Board chair on 17 October 2019, Alex Thursby was chair of the Committee. He has extensive banking industry experience and was considered by the Board to have recent and relevant experience. For the period from 17 October 2019, until I was appointed chair of the Committee on 21 November 2019, the role of chair was filled on an interim basis by the senior independent director, Chris Bell. Chris was appointed on the basis of his financial knowledge and acumen from his previous executive career and his non-executive experience (as he serves on the audit committees of all other listed companies for which he is a non-executive). Further details of Chris' experience can be found on page 80. One audit committee meeting was held with Chris as chair, which was also attended by me following my appointment to the Board and the Committee.

For the period from 17 October 2019 until my appointment to the Board and as a member of the Committee on 4 November 2019, Susan Hooper, independent non-executive director, was appointed as a member of the Committee on an interim basis. Susan Hooper had previously been present at Committee meetings as an attendee. As a result, during this period of transition, the Committee at all times retained a minimum of three independent non-executive directors as its members.

External auditor and the external audit

The Company's external auditor is engaged to express an opinion on the financial statements. It reviews the data contained in the financial statements to the extent necessary to express its opinion. It discusses with management the reporting of operational results and the financial position of the Group and presents findings to the Committee. The directors in office at the date of this report are not aware of any relevant information that has not been made available to the auditor and each director has taken steps to be aware of all such information and to ensure it is available to the Company's auditor. Ernst & Young LLP's ("EY") audit report is published on page 132.

In order to assess the effectiveness and independence of the external auditors, the Committee carried out an assessment. This was facilitated by use of a questionnaire which posed questions in relation to different aspects of the external audit process. Those individuals employed by Rank most actively involved with the day-to-day aspects of the audit provided responses to certain questions asked. The feedback was considered, discussed and summarised by management and reported to the Committee and Board. Having conducted such review, and reviewed overall performance, the Committee has concluded that EY has demonstrated appropriate qualifications and expertise throughout the period under review, and that the audit process was effective.

External audit tendering

EY has been the Company's external auditor since 2010. Following an audit tender process conducted by the Committee in accordance with its regulatory requirements which concluded in June 2019 (the process for which was detailed in last year's annual report), EY's re-appointment as the auditor of the Group was approved by shareholders at the annual general meeting in October 2019. There was a change of external audit partner following completion of the 2018/19 external audit. There were no contractual or similar obligations restricting the Group's choice of external auditor.

Non-audit services

The Committee oversees the nature and amount of any non-audit work undertaken by the auditor to ensure that it remains independent. Consequently, the Committee is required to approve in advance all non-audit services priced above £25,000. When seeking external accountancy advice in relation to non-audit matters, the Group's policy is to invite competitive tenders where appropriate. It is also the Group's policy to balance the need to maintain audit independence with the desirability of taking advice from the leading firm in relation to the matter concerned and being efficient.

The total non-audit fees paid to EY during the period under review was zero. Rank is satisfied that the objectivity and independence of the audit partner and the audit engagement team have not been compromised by the fees paid for the non-audit work undertaken by EY. Rank has used the services of other accounting firms for non-audit work during the period under review.

2019/20 activity

Areas of focus	Matters discussed	Frequency
Financial reporting	• Reviewed the integrity of all draft financial statements (including narrative).	P
	• Reviewed accounting developments and their impacts and significant accounting issues and reviewed correspondence with the Financial Reporting Council ("FRC") with regards to its 2019 audit quality review.	P
	• Reviewed and recommended approval of interim and preliminary results announcements and dividends.	B
	• Reviewed Group accounting policies and reporting practices with particular emphasis on (i) the impact of the IFRS 16 leasing standard that was effective from the start of the 2019/20 financial year; (ii) IFRS 3 accounting for the acquisition of Stride Gaming plc; (iii) the presentation of SDIs; and (iv) impairment methodology and assumptions for the impairment review in light of the COVID-19 impact.	B
	• Considered approval process for confirming and recommending to the Board that the 2019 annual report is fair, balanced and understandable.	A
	• Reviewed and recommended approval of the annual report.	A
	• Reviewed appropriateness of accounting policies and going concern assumptions.	A
	• Reviewed and recommended inclusion of the viability and going concern statements in the annual report.	A
	• Reviewed director and officer expenses.	A
Internal audit	• Monitored the effectiveness of the internal audit function.	P
	• Reviewed major audit findings and approved remediation plans.	Q
	• Reviewed the 2019/20 annual audit plan and acknowledged changes to such plan as a result of COVID-19.	B
	• Reviewed the scope of audit coverage and approved planned work for 2020/21.	A
External auditor	• Considered the external auditor's reports and views.	Q
	• Reviewed the objectivity, independence and expertise of the external auditor.	A
	• Considered the auditor's report on the 2018/19 annual results.	A
	• Assessed the effectiveness of the 2018/19 external audit.	A
	• Reviewed and approved the 2019/20 annual external audit plan and fee proposal.	A
	• Considered the initial results of the 2019/20 external audit.	A
	• Reviewed audit and non-audit fees incurred during 2019/20.	A
Risk and internal control	• Oversaw the implementation of changes to internal processes as a result of matters reported as key events to regulatory bodies, and guidance published by regulatory bodies as learnings for the gaming industry.	P
	• Reviewed risk management reports and risk committee updates.	Q
	• Monitored general ledger system migration.	Q
	• Reviewed and assessed the corporate risk register (including emerging risks).	B
	• Reviewed and monitored developments in relation to information security and data protection.	B
	• Reviewed anti-money-laundering matters and matters relating to source of funds and enhanced due diligence.	B
	• Reviewed the risk management framework across the Group and the internal governance structure (further detail on Rank's approach to the management of risk, its principal risks and uncertainties and the controls in place to mitigate them can be found on pages 68 to 76).	A
Governance and other	• Received corporate governance updates.	P
	• Considered and approved tax strategy and reviewed tax matters.	A & P
	• Met privately with the director of internal audit and the external auditors.	Q
	• Approved refreshed Group-wide whistleblowing policy and procedure and reviewed notifications made under the same, ensuring that appropriate actions were taken following investigation of notifications, and reviewed notifications made in relation to the code of conduct, acknowledging the need for a review of the same.	B
	• Considered litigation matters.	A
	• Reviewed the Committee's terms of reference and confirmed adherence during 2019/20.	A
	• Reviewed feedback and recommendations following Committee evaluation.	A
	• Reviewed internal financial controls.	A

A = Annual B = Biannual Q = Quarterly P = Periodically

Internal controls

The Board delegates responsibility for reviewing the effectiveness of the Group's systems of internal control to the Committee. This covers all material controls including financial, operational and compliance controls and risk management systems. During the year, there have been a number of Committee activities that have focused on the control environment (as indicated on page 97). The Committee has discussed the risks and challenges to the Group from market conditions, the macro economy and, most significantly for the final quarter of the year, the impact of COVID-19. In particular, the Committee reviewed the following:

- **Enterprise risk management:** The Committee continued to consider the manner in which the risk management framework, introduced the prior year, is embedded. It reviewed the risk management methodology and confirmed that it continues to be appropriate. The Committee considered the Group risk register in respect of both current and emerging risks and challenged the executive on such risks and the management of the same. In the latter part of the year, the Committee re-considered the Group risk register in light of the impact of COVID-19 The Group's principal and emerging risks are set out on pages 73 to 76.
- **Regulation:** Reflective of the regulatory environment in which we operate, the Committee continued to examine the effectiveness of the Company's framework of compliance controls. This included internal audit reviews, management biannual reports and presentations on anti-money-laundering ("AML") and high-value customers ("HVCs"), consideration of internal and external matters of potential fraud, reviews of correspondence from and guidance issued by regulators, and reviews of progress made on areas requiring improvement.
- **Integration:** Following completion of the acquisition of Stride Gaming plc ("Stride") in October 2019, the Committee considered the approach being taken to integration from an overall risk perspective. It also received updates on actions taken to align the acquired business with the Rank legacy digital business from a regulatory compliance perspective.
- **Tax:** As mentioned on pages 64 to 67 and highlighted in last year's report, some of the Company's pay practices, though designed to help employees, technically did not comply with the National Minimum Wage ("NMW") regulations. The Committee received regular updates throughout the investigation into this matter, which concluded during the year under review at a total cost to the Company (including adviser fees) of £3.1m and consequent release of £4.9m of the previously held provision of £8.0m. In addition, during the year the Company registered both Rank and Stride plc for the profit diversion compliance facility with HMRC, a decision discussed by the directors. As a result, the Company has agreed to pay £1.0m to HMRC.
- **Code of conduct and whistleblowing:** The Committee approved the introduction of a new Group-wide whistleblowing policy and procedure, which is operated by an external third-party provider, Safecall. The refreshed approach offers a multilingual communication channel, and enables employees and other stakeholders to report in confidence and, if they wish, anonymously, to Safecall, which then submits reports to the allocated appropriate individual within the business for investigation as necessary. Reports received during the year were kept strictly confidential and the concerns identified were referred to appropriate managers within the Group for investigation and resolution. The Committee received an analysis of all reports submitted via the Speaking Up programme during the year. The Company's code of conduct is available on www.rank.com.
- **Information security and data privacy:** The Committee considered during the year progress made in respect of information security and data privacy controls. This included a full review of the IT risk register during the year, updates on integration work in these areas following the Stride acquisition and the development of a new data protection framework, which includes a review of training and the introduction of a compliance monitoring plan.
- **General ledger migration:** Following completion of the general ledger migration, the Committee received periodic updates from management on the progress to migrate the Stride and YoBingo businesses onto the general ledger system.
- **International:** With the expansion of the business, the Committee received greater central control oversight of international activities and monitors the same e.g. information security and data privacy.

The key areas of focus for the Committee during 2020/21 in relation to internal controls will be:

- **Regulatory compliance:** Oversight of the appropriateness and operation of the framework of controls over the venues and digital businesses, in particular around key areas of current regulatory focus, such as AML, affordability and HVCs;
- **Digital and technology operations:** Assurance that resilience measures are appropriate and in place in order to ensure that key risks such as cyber security and data privacy are being actively managed and monitored by management. Where appropriate, this will also include the use and management of third parties in the provision of services and the management of any risk exposures around ongoing operational resilience, such as business continuity planning and disaster recovery;
- **Finance:** Assurance that appropriate processes and controls are in place to manage our Group finances (in particular controls to prevent fraudulent activity) as well as the provisions in place around funding options to ensure the Group's cashflow requirements are met. Consideration will also be given to any stress testing of these to ensure that the Group has appropriate contingencies in place in light of the current pandemic;
- **Integration:** Oversight and review of the integration approach being adopted and the management of key risks in order to achieve a successful integration outcome for the Stride business;
- **International:** Increased focus of the Group's oversight and management of key risks for this business area, in particular around regulatory compliance but will also consider other areas such as health and safety and operational matters; and

- **Pandemic response:** Ongoing monitoring of management's response to the pandemic, such as appropriate use of the Coronavirus Job Retention Scheme and the approach to and execution of the phased club reopenings, and adherence to government safety measures as part of this.

Internal audit

The Group's internal audit function forms the primary source of internal assurance via the delivery of the internal audit plan, which is structured to align with the Group's strategic priorities and key risks and is developed by internal audit with input from management and the Committee. Its role is to provide independent, objective assurance and consulting services designed to add and protect value by improving the Group's operations. Internal audit assists the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Each year, the Committee reviews and approves the internal audit plan and receives reports from internal audit which are reviewed at each meeting. Recommendations arising from internal audit reviews are communicated to the relevant business area for implementation of appropriate corrective measures and the Committee monitors senior management's responsiveness to the same.

The work undertaken by internal audit during the year included: safer gambling, venues VIP, jurisdiction management, AML, IT asset management and individual venue audits (including international).

As a result of COVID-19 and the subsequent closure of the venues and furloughing of colleagues, the internal audit plan for 2019/20 was not completed. However, the corporate audits completed in the first half of the year were deemed to be of comparatively higher risk than those planned for the second half (and those audits that were not completed have been factored into the plans for 2020/21). Furthermore, in respect of the venues audits, the review cycle has been extended to take account of the closure. Inevitably, the risk within the venues business during lockdown was negated as a result of the venues being closed, although significantly, as mentioned above, a key area of focus for the Committee for the forthcoming year will now be assurances around reopening.

The Committee determined to proceed with an external quality assessment of the internal audit function during the year. However, this review was placed on hold due to the COVID-19 outbreak. It is anticipated that it will proceed in the next financial year.

Evaluation

Last year, the Committee determined that it would focus on building the relationship with the new external audit partner, monitoring progress on the ongoing development of the control framework, and considering ways in which to support management with transformation activities from a risk and controls perspective. I am comfortable that the Committee has given such areas due focus during the year.

This year's Committee's evaluation exercise, facilitated internally by the company secretary (following use of an external provider last year), concluded that the Committee continues to operate effectively. Having considered the findings, the Committee agreed that its focus for the forthcoming year should be (i) to review and monitor the effectiveness of the internal audit function and complete the intended internal audit effectiveness review (which was already underway and will re-commence shortly); (ii) to continue to provide regular feedback to the external audit partner, to simplify papers and to consider whether there are different ways in which to challenge and consider the work being completed by the external auditor; and (iii) to ensure that the Group's corporate risk register undergoes more regular review and challenge by the Committee (particularly in light of the ongoing impact of COVID-19 on the Company).

FRC's audit quality review

The Conduct Committee of the FRC is a body authorised by the Secretary of State to review and investigate the annual accounts, strategic reports and directors' reports of public and large private companies for compliance with relevant reporting requirements. In May 2020, the FRC wrote to the Company asking certain questions arising from its review of the Group's 2019 annual report and accounts. The review did not benefit from a detailed knowledge of Rank's business or an understanding of the underlying transactions entered into by it, nor is it the FRC's role to verify the information provided to it. Its limited review and subsequent correspondence provide no assurance that the report and accounts are correct in all material respects. The FRC (which includes the FRC's officers, employees and agents) accepts no liability for reliance placed on its correspondence by the Company or any third party including, but not limited to, investors and shareholders.

Management responded to the FRC's information requests which were discussed with the Company's external auditors and reviewed and approved by the Committee and by the Board chair. The Company's responses provided further clarification on the disclosures in the 2019 annual report and accounts, and an undertaking to disclose certain additional details as requested by the FRC, which have been included in this 2020 annual report. As a result of the response provided, the FRC was able to close its enquiries.

Fair, balanced and understandable

One of the key compliance requirements of a group's financial statements is for the annual report to be fair, balanced and understandable. The coordination and review of Group-wide contributions to the annual report follows a well-established process, which is performed in parallel with the formal process undertaken by the external auditor. A summary of the process is as follows:

- The annual report and accounts is drafted by the appropriate senior management with overall coordination by a team comprising the company secretary, the chief financial officer, the director of investor relations and the Group financial controller to ensure consistency, and with an additional focus on considering the impact of COVID-19 on the Company during the year;
- Comprehensive reviews of the drafts of the annual report and accounts are undertaken by management, the executive committee and the Board chair and respective chair of each committee;
- A final draft is reviewed by the Board; and
- Formal approval of the annual report and accounts is given by a committee of the Board.

This enabled the Committee, and then the Board, to confirm that the Company's 2020 annual report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Key judgements and financial reporting matters

The Committee assesses and challenges whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. Key accounting judgements considered, conclusions reached by the Committee and their financial impacts during the year under review are set out in the following table. Additionally, the Committee and the external auditors have discussed the significant issues addressed by the Committee during the year (including the discussions of the COVID-19 sub-committee, which determined the basis for the assumptions and plans that underpinned the key judgements set out below as regards going concern and viability – please see page 69 for more information) and the areas of particular focus, as described in the independent auditor's report on pages 132 to 143:

Key judgements and financial reporting matters 2019/20	Audit committee review and conclusions
Going concern and viability statement	
The directors must determine that the business is a going concern for at least 12 months from the date of signing the accounts. Furthermore, the directors are required to make a statement in the annual report as to the longer-term viability of the Group. This has been analysed in detail, particularly the downside scenarios modelled in the viability statement, in light of the COVID-19 pandemic.	The Committee conducted an annual assessment pursuant to which the directors were able to conclude that it is appropriate to prepare the financial statements on a going concern basis, as set out in more detail on page 69. Furthermore, the Committee evaluated management's work in conducting a robust assessment of the Group's longer-term viability, affirmed the reasonableness of the assumptions, considered whether a viability period of three financial years remained most appropriate, and confirmed that it was as part of a recommendation to the Board. The Committee has considered the issues impacting the Group in great detail and has concluded that there are two key material uncertainties in the approved base case three-year strategic plan, namely the assumptions in the Group's reopening plans for its venues businesses after the COVID-19 restrictions were lifted by the UK, Spanish and Belgium governments and in a downside scenario of the Group's projected compliance with its banking covenants. The Committee notes that Ernst & Young LLP's audit opinion align.
Treatment of separately disclosed items ("SDIs")	
The Group separately discloses certain costs and income that impair the visibility of the underlying performance and trends between periods. The separately disclosed items are material and infrequent in nature and/or do not relate to underlying business performance. Judgement is required in determining whether an item should be classified as an SDI or included within the underlying results.	The Committee reviewed the presentation treatment of SDIs, approved the change in presentation from exceptional items to SDIs and agreed that the items listed in note 4 are appropriate. The Committee noted that from a quality of earnings perspective, both accretive and dilutive impacts had been recorded in both the current and prior years.

Key judgements and financial reporting matters 2020/21	Audit committee review and conclusions
Impairment review	
For goodwill and indefinite-life assets, the Group performs an annual impairment review. In addition, the Group reviews assets that are subject to amortisation or depreciation for events or changes in circumstances that indicate that the carrying amount of an asset or cash-generating unit may not be recoverable. If an asset has previously been impaired the Group considers whether there has been a change in circumstances or event that may indicate the impairment is no longer required. The Group considers each venue to be a cash-generating unit and the review covers approximately 150 individual cash-generating units ("CGU").	The Committee reviewed management's impairment review process including, where applicable, the potential indicators of impairment and/or reversal, cash flow projections, post-COVID-19 revenue recovery, growth rates and discount rates used to derive a value in use ("VIU"), multiples used in VIU, the sensitivity to assumptions made, and approved the change in methodology to use VIU for all CGUs. During the year, the Committee reviewed total separately disclosed impairment charges of £37.9m in respect of venues where performance has been impacted by the outbreak of COVID 19 and is not expected to improve and challenged the long-term assessment of such venues in light of corporate risks. The Committee concluded that the total impairment charge recognised of £37.9m was appropriate. The Committee also reviewed impairment of investment in subsidiaries and additional disclosure for impairment analysis as based upon reasonable changes to key assumptions in light of COVID-19. Further details of the impairment charges are disclosed in note 13 on pages 175 to 178.
Financial impact of new accounting standards	
New accounting standards can materially impact trading results.	The Committee considered the impact of new accounting standards with particular focus on IFRS 16 – Leases which the Group adopted using the modified retrospective method from 1 July 2019. Details of the changes as a result of this are presented in note 31 and were materially in line with the previous assessment of the standard. It is not expected that any other new accounting standards will materially impact future results.
Acquisition accounting	
The Group acquired Stride Gaming plc ("Stride") in October 2019. In performing the fair valuation of assets acquired and liabilities assumed, management has applied judgement to derive the purchase price allocation.	The Committee received periodic updates throughout the year from management, incorporating professional advice as appropriate. Details of the provisional fair value exercise are presented in note 34.
Taxation	
The Group holds provisions for certain tax matters, in addition to the normal provisions for corporation tax. In assessing the appropriateness of indirect tax provisions, the Group must estimate the likely outcome of uncertain tax positions where judgement is subject to interpretation and remains to be agreed with the relevant authority.	At both the half and the full year, the Committee considered the Group's approach to tax provisioning, in order to satisfy itself how management came to its best estimate of the likely outcome. The Committee also received and considered an update paper covering the Group's ongoing direct and indirect tax matters. This covered continuing operations where tax returns submitted have been, or are likely to be, challenged by the relevant tax authority. The Committee considered that management's best estimate of tax liabilities is appropriate.
Contingent assets and liabilities	
In determining the accounting treatment of potential assets and liabilities, management has applied judgement in assessing the probability of the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.	The Committee received updates throughout the year from management, incorporating legal and professional advice as appropriate, on the accounting treatment for potential assets and liabilities in relation to disclosure or recognition. The Committee was of the view that management has appropriately treated such items in the financial statements. Details are included in note 32.

I look forward to meeting shareholders at the forthcoming annual general meeting when I will be happy to take questions on this report.

Karen Whitworth
Chair of the audit committee

Committee membership during year

Name	Committee membership since	Notes
Chris Bell	**June 2015**	Chris Bell held the position of chair between October 2019 and November 2019
Steven Esom	**March 2016**	
Susan Hooper	**October 2019**	Susan Hooper stepped down from the Committee in November 2019
Alex Thursby	**August 2017**	Alex Thursby stepped down as chair in October 2019
Karen Whitworth (chair)	**November 2019**	Karen Whitworth was appointed chair in November 2019

Safer gambling committee

Susan Hooper
Chair

Other committee members
Chris Bell
John O'Reilly
Alex Thursby
Karen Whitworth

Other attendees
Company secretary
Director of compliance & responsible gambling
Director of public affairs
Venues managing director
Rank Interactive managing director

Purpose and meetings

The safer gambling committee is responsible for assisting the Company in the formulation and monitoring of its safer gambling strategy and policy for the prevention of gambling-related harm in each of the jurisdictions and channels in which it operates.

The formal terms of reference of the Committee are available at www.rank.com or by written request to the company secretary, and details of all members during the year are set out on page 101.

The director of compliance and responsible gambling acts as secretary to the Committee.

The Committee met on four formally scheduled occasions during the year under review and the attendance of its members at such meetings is set out on page 90.

Dear shareholders

I am pleased to present the safer gambling committee ("Committee") report in respect of the 2019/20 financial year. It has been a busy year, during which the Committee has welcomed the development of many new initiatives, and the continued focus on their delivery notwithstanding the COVID-19 enforced lockdown. There has been a particular focus this year on shifting the emphasis on, and responsibility for, safer gambling from Rank's compliance function to the heart of our business units. Our front-line colleagues are the key enablers of embedding a safer gambling culture in our business. We must ensure that every Rank customer – whichever channel they choose – is able to enjoy their experience with us safely and responsibly.

Safer gambling transformation plan

Safer gambling remains a distinct workstream within the transformation plan, with colleagues encouraged on an ongoing basis to propose new initiatives for inclusion. Such initiatives are increasingly customer-oriented to ensure we are delivering targeted improvements to benefit those players who need our support. The workstream is also used to track the implementation of changes as a result of new regulatory requirements, industry commitments and those introduced further to our own internal review and assessment.

During the year under review, the Committee received regular updates on the development of the plan and the business' progress in delivering initiatives, such as the implementation of safer gambling time and spend controls for slot machines in Mecca and the roll-out of our affordability model across all digital sites. The Committee was also kept apprised of developments to the Neon casino management system in Grosvenor venues, which included the introduction of automated "triggers" that identify unusual customer behaviours that are then sent to venues staff thereby prompting an interaction.

In addition, the Committee welcomed deep-dive presentations on specific areas, one such example being our work with Focal Research to improve our effectiveness at detecting problem gambling amongst slots customers through early intervention, and to assist further in our management of customer risk. Having completed a set of trials, we rolled out to all Grosvenor venues a new dashboard, based on Focal Research's models and algorithms, that identifies customers who are potentially at risk of experiencing gambling-related harm.

Horizon-scanning and industry collaboration

The Committee regards safer gambling as a topic of key importance to all the Company's stakeholders and an important part of its work is to consider their views on the Company's approach to safer gambling.

With this in mind, the Committee recognises that the Company cannot simply look at the initiatives it has in-train as a reaction to regulation, but must also pro-actively consider customer, regulator, shareholder, political and wider public sentiment in its plans. The Committee receives regular reports from the director of public affairs to ensure that it remains up to date on external sentiment, influences, developments and political change. It challenges the business to ensure that it considers such views in all projects and initiatives across all workstreams.

Towards the end of the year, the Committee's attention inevitably turned to the extra measures implemented within the digital business further to the COVID-19 lockdown. Such measures were a combination of those required by the UK Gambling Commission ("UKGC"), commitments given as a member of the Betting and Gaming Council and additional steps determined by Rank to be desirable in the circumstances. This included enhanced levels of safer gambling messaging delivered through various media, increased numbers of interactions with customers through more sensitive identification "triggers", and the delivery of renewed strict operating guidelines to affiliates. The Committee also welcomed the acceleration by the business of certain safer gambling measures as a result of our venues being closed, such as ensuring that new IDScan technology, which will enable self-excluded customers to be identified on entry to a club, is in place at each Grosvenor venue as it reopens.

Activities during 2019/20

During the year, the Committee has:

- Ensured that it is aware of, and Rank contributed to, upcoming developments across the industry;
- Reviewed and monitored delivery of initiatives under the safer gambling transformation workstream, which includes a new collaborative project with Focal Research and other casino operators to develop algorithms that can identify problem gambling risk in electronic roulette customers;
- Supported the business in working to achieve the GamCare safer gambling standard in respect of the UK legacy digital business;
- Oversaw implementation of additional measures for the digital business further to the COVID-19 lockdown;
- Reviewed the outcome of the safer gambling internal audit and monitored delivery by the business against its recommendations from such audit;
- Discussed safer gambling data presented by the business;
- Considered steps taken to review and align the acquired Stride sites with the Rank legacy digital business;
- Reviewed and advised on the Group's response to the UKGCs Annual Assurance Statement, which was then presented to the Board for approval prior to submission, and tracked progress against the specific areas set out in such statement to be delivered during the forthcoming year; and
- Reviewed its terms of reference.

Research, education, treatment ("RET")

We were delighted to welcome Anna Hemmings, the Chief Executive of GamCare, to present at a Committee meeting during the year on current helpline and ongoing counselling trends, the various new initiatives being worked on by GamCare, and discuss GamCare's work with gambling operators through its safer gambling standard. The standard is designed to assess and benchmark the approach that operators take to safer gambling. Through the standard, GamCare also recommends areas where operators can further develop safer gambling systems, processes and controls. Having participated in interviews with key stakeholders and undergone an assessment of our digital controls and an evaluation of our approach to governance, Rank Digital Gaming (Alderney) Limited has achieved an Advanced Level 2 award.

We are committed to maintaining our RET contributions to at least the same level as the previous year.

Committee evaluation and the year ahead

Last year, the Committee did not form part of the evaluation process, as the Committee's policy and terms of reference were in the process of being reviewed. Following this year's evaluation exercise, facilitated internally by the company secretary, the Committee determined that its focus for the forthcoming year should be:

- To continue to challenge the business to be pro-active and maintain the momentum of the current year in developing and implementing new safer gambling initiatives;
- To revisit its strategy in light of the progress made this year; and
- To continue to assess data reported to the Committee and the ways in which it is utilised within the business from the perspective of safer gambling.

Rank remains committed to providing a safe gambling environment for customers to enjoy the services that we offer. We are also committed to working constructively with regulators to ensure ongoing compliance with regulatory requirements and our industry peers to continue to develop a collaborative approach to safer gambling matters such as improving the identification of vulnerable customers. Finally, we continue to recognise the importance of driving cultural change throughout the organisation so as to ensure that safer gambling underpins all aspects of our decision-making.

I am confident that there is momentum within the business towards achieving a market-leading status in our approach to safer gambling and, on behalf of the Committee, look forward to reporting on the further progress that will be made in this area over the forthcoming year.

I look forward to meeting shareholders at the forthcoming annual general meeting when I will be happy to answer any questions on this report.

Susan Hooper
Chair of the safer gambling committee

Committee membership during the year

Name	Committee member since	Notes
Chris Bell	**March 2016**	
Ian Burke	**March 2016**	Ian Burke stepped down from the Committee in October 2019
Susan Hooper (chair)	**July 2017**	Susan Hooper became Committee chair in October 2018
John O'Reilly	**May 2018**	
Alex Thursby	**October 2019**	
Karen Whitworth	**November 2019**	

Remuneration committee

Steven Esom
Chair

Other committee members

Chris Bell
Susan Hooper
Karen Whitworth

Other attendees

Chief executive
Company secretary
Board chair
Group human resources director

Purpose and meetings

The role of the Committee is primarily to assist the Board in setting the remuneration packages for the Company's executive directors and other executive committee members.

The formal terms of reference of the Committee are available at www.rank.com or by written request to the company secretary, and details of all members during the year are set out on page 126. The company secretary acts as secretary to the Committee.

The Committee met on four formally scheduled occasions during the year under review to discuss a rolling agenda of items. The attendance of members at such meetings is set out on page 90. Additional meetings were convened as necessary.

Dear shareholders

On behalf of the Board, I am pleased to present Rank's remuneration report for the year ended 30 June 2020. This report comprises my annual statement, our proposed new remuneration policy ("Policy"), and our annual report on remuneration, which is presented in line with the existing remuneration policy approved at a General Meeting held on 25 April 2018 ("Existing Policy"). This statement and the annual report on remuneration are subject to an advisory vote at the 2020 annual general meeting ("AGM"). The Policy is subject to shareholder approval at the 2020 AGM.

Overview of 2019/20

As mentioned earlier in this annual report, Rank made a good start to the 2019/20 financial year, with strong revenue and profit growth up until March 2020 when the impact of the COVID-19 pandemic hit and our venues businesses were forced to close. The Group's underlying operating profit for 2019/20 of £51.1m reflects the closure of nearly all our venues businesses from mid-March through to the year-end. The remuneration committee's ("Committee") decision-making on the performance outcomes for executive directors, as set out below, is reflective of the overall financial performance for the full financial year.

Alongside facing the unprecedented challenges caused by COVID-19, the business has been preparing for the next phase of the Group's transformation. Further to this, this Committee must itself consider how executives should be remunerated in the circumstances, as the priorities for the business shift and evolve. As a result, the Committee takes the view that certain aspects of executive remuneration must remain flexible, so as to be meaningful and in order to meet both investor and executive expectations.

The Committee has been, and remains, mindful of investor views on executive remuneration both generally and in the current circumstances and as the key challenges and opportunities for our business become clearer during the forthcoming year, we will continue to ensure that management is, and remains, appropriately incentivised to achieve our strategic goals.

Base salaries

The Committee reviewed the executive director base salaries during the year. It had determined to increase such salaries by 2.5% in line with overall increases awarded to the wider workforce. However, due to COVID-19, such increases were not implemented and therefore executive director salaries remained unchanged at 1 April 2020, the effective date for any increases, versus the prior year. In addition, for the period from 1 April 2020 until such time as the vast majority of our venues reopened on 15 August 2020, the executive directors took a 20% reduction in base salary, with the same approach being adopted by all other Board members.

2019/20 bonus

The annual bonus for the 2019/20 financial year was based on a challenging profit after tax target. Performance had been strong up to February 2020, but the impact of COVID-19 resulted in the financial targets under the bonus scheme not being met and consequently no annual bonus pay-out was recommended for the chief executive or the chief financial officer in respect of the 2019/20 financial year.

Further details on performance against targets are set out on page 119.

New remuneration policy

During the year, the Committee reviewed the Existing Policy with the objective of maintaining alignment with Rank's strategy, investor sentiment and emerging market practice. At the outset of its review, the Committee was careful to ensure that the Existing Policy reflected the factors set out in Provision 40 of the 2018 UK Corporate Governance Code ("2018 Code") and that it applied these consistently as it developed the proposed new Policy.

The proposed new Policy has been considered and developed in the context of the Committee's oversight of wider workforce pay. The Group human resources director presented to the Committee during the year on how Rank's executive remuneration arrangements align to the Group's wider pay policy arrangements and will continue to do so, to enable the Committee to continue to develop its thinking in this regard.

Whilst the Committee's view is that the design of the Existing Policy is, for the most part, working effectively, certain amendments are proposed to ensure the Policy and its implementation remain fit for purpose and these are set out below. The most significant of these from a strategic perspective relates to the long-term incentive plan ("LTIP"). I engaged with our major shareholders on behalf of the Committee at the commencement and towards the end of the policy review process. The feedback received from shareholders was greatly valued and contributed to the final decisions on the proposed new Policy. The key changes are as follows:

1. LTIP: the Committee has considered the feedback from shareholders in relation to the existing block award arrangement. It also recognises the challenges presented from such an arrangement, particularly in the current environment. Therefore, subject to shareholder approval at the 2020 AGM and approval of Rank's majority shareholder (as required under the rules of the Hong Kong Stock Exchange), the Company will adopt The Rank Group 2020 Long-Term Incentive Plan ("the 2020 LTIP"). Under the 2020 LTIP there will be an annual long-term incentive plan grant with a three-year performance period (from the beginning of the year in which the award is granted), a three-year vesting period from the date of grant of the award and a two-year post-vesting holding period. The chief executive may receive an annual grant of up to 200% of base salary and other directors may receive an annual grant of up to 150% of base salary. Currently the Committee is minded to make the first awards under the 2020 LTIP in November 2020. However, it will be monitoring the position over the coming months and it may be that either the initial awards are made at that time but the performance targets applying to these awards is deferred for up to six months until the Committee has a clearer view of the Company's prospects for the next three years as it becomes clearer what the impact of COVID-19 will be or that the initial awards are deferred until 2021. This new structure aims to introduce an approach that works to incentivise, motivate, recruit and retain senior management appropriately.
2. Pension: the Committee has considered the levels of pensions for directors in light of the requirements of the 2018 Code, feedback from investors, emerging market practice and the Company's existing pension arrangements for its wider workforce. Further to this, it is proposed that the pension level for new executive appointments will be aligned with the majority of the wider workforce. For incumbent executive directors, the Committee will keep this under review and consider when and how pension levels for incumbent executive directors will be aligned with the majority of the wider workforce, with alignment intended to be achieved by the end of 2022 at the latest.
3. Post-employment minimum shareholding requirement ("MSR"): a post-employment MSR is being introduced for two years post cessation.
4. Overriding discretion: under the Existing Policy, the Committee has overriding discretion (both upward and downward) for annual bonus and LTIP, to take account of overall or underlying Company performance. Under the new Policy, in addition, the Committee would consult with major shareholders before the exercise of any upward discretion for annual bonus and LTIP outcomes.
5. Malus and clawback: the current malus and clawback provisions have been strengthened in line with the 2018 Code for annual bonus to include trigger events, such as serious reputational damage, failure in risk management and corporate failure.
6. Legacy arrangements: as would be expected, the Policy enables the Committee to approve payments to satisfy commitments agreed prior to its approval, including previous incentive awards that are currently outstanding such as the 2017/18 LTIP award. In light of the exceptional and unprecedented circumstances in which we find ourselves, and as a result of the 2017/18 LTIP award being a block award, the Committee considers it appropriate to reserve the right to amend the original award terms of the outstanding 2017/18 LTIP awards to such extent at it considers appropriate to ensure these awards continue to provide an appropriate incentive and retention tool following the impact of the COVID-19 pandemic. This is regarded by the Committee as a pragmatic approach to the current situation and the Committee will not use this element of the Policy without firstly consulting with major shareholders and secondly seeking formal approval of shareholders at a general meeting of any related amendments to the awards and/or rules of The Rank Group Plc 2010 Long-Term Incentive Plan ("the 2010 LTIP") as required.

The full Policy is set out on pages 110 to 118.

New long-term incentive plan

The 2010 LTIP expired in April 2020 and therefore a new long-term incentive plan needs to be adopted by the Company and approved by shareholders. As outlined above, the 2020 LTIP has been designed to enable annual awards to be made with a three-year performance period and, for executive directors, a two-year post-vesting holding period (during which, in limited circumstances, awards may lapse/shares may be forfeited). The terms of the 2020 LTIP, for which approval is to be sought at the AGM on 11 November 2020, are in line with prevailing best practice and the Company's new Policy. A summary of the key elements of the 2020 LTIP is set out in the AGM Notice.

Proposed LTIP grant during 2020/21

As mentioned above, it is anticipated that an annual award will be made to executive directors in FY 2020/21. However, in light of the current circumstances, at the time of writing the Committee does not consider it possible to determine the targets or performance measures for such award in a way that is meaningful from the perspective of both shareholders and participants. The Committee does not regard itself as prevented from making a grant in such circumstances, provided that the targets and performance measures are set as soon as reasonably practicable thereafter, and in line with Policy.

Board changes

As anticipated in the previous year's annual report, Ian Burke did not stand for re-election as chair at the 2019 AGM and Alex Thursby was appointed his successor.

Karen Whitworth was appointed to the Board as a non-executive director on 4 November 2019. Details of the process for such appointments is set out in the nominations committee report on page 92.

The details of the termination arrangements for Ian Burke departing as a director are set out on page 122 the terms of which are in accordance with the Existing Policy.

Looking ahead

During the year, I welcomed the opportunity to discuss remuneration matters with our majority shareholder and engage with our major institutional investors. I will continue to engage and remain available to discuss our new Policy with shareholders, as the Committee recognises that this is even more important in the current circumstances. For the Committee, the impact of the pandemic brings with it challenges from a remuneration perspective as we continue to seek a balance between the expectations of investors and the formulation of remuneration arrangements that facilitate the recruitment, retention and motivation of management. With this in mind, we continue to keep remuneration arrangements under review and will continue our dialogue with shareholders in relation to the same. In the meantime, I would like to thank shareholders for the support they have given in the past and I look forward to your continued support at the forthcoming 2020 AGM.

Steven Esom
Chair of the remuneration committee

The Committee has ensured that the new Policy and practices are consistent with the six factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

Clarity – Our Policy is well understood by our executive directors and has been clearly articulated to shareholders with the aim of promoting effective engagement between shareholders and the workforce.

Simplicity – A key objective of the Committee is to ensure that our executive remuneration policies and practices are easily understood and straightforward to communicate and operate. The move to annual awards under the 2020 LTIP will remove one of the more complex elements of the previous policy.

Risk – The Committee is mindful of the need to ensure that risks arising in connection with remuneration arrangements are identified and mitigated. Our new Policy has been designed with this in mind, to ensure that inappropriate risk-taking is discouraged and will not be rewarded. It does so by means of: (i) the balanced use of both short- and long-term incentives; (ii) the emphasis on equity in our incentive plans, together with deferral of part of the annual bonus, the two-year post-vesting holding period in the 2020 LTIP, and in employment and post-cessation shareholding guidelines; and (iii) malus/clawback provisions.

Predictability – Our incentive plans are subject to individual caps, with our share plans also subject to market-standard dilution limits. Please see page 115 for more information on potential reward possibilities for different levels of performance. Where discretion may be exercised, this is clearly stated in the new Policy.

Proportionality – The Committee is mindful of the need to ensure that outcomes do not reward poor performance and the new Policy enables meaningful and appropriate targets to be set with a significant proportion linked to long-term shareholder value.

Alignment to culture – The measures used in our incentive structure are aligned with Rank's business strategy and values, for example the inclusion of a safer gambling measure in bonus objectives.

Directors' remuneration policy

Remuneration policy review

This report sets out the remuneration policy for the Company which was prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The existing remuneration policy ("Existing Policy") was approved by shareholders at the Company's General Meeting on 25 April 2018 receiving a 91.41% vote in favour. As required under the remuneration regulations, shareholders are being asked to approve a new policy ("Policy") at our AGM on 11 November 2020, which it is intended will apply for the next three years.

During the 2019/20 financial year, the Committee carried out a detailed review of the Existing Policy, taking account of the 2018 UK Corporate Governance Code, developments in best practice and shareholder feedback received during the year. It also considered the need to ensure that the remuneration policy is aligned with the Company's business priorities and strategy and wider workforce pay policies. The Committee intends that the base salary and total remuneration of executive directors should be competitive against other similar gaming peers and companies of a broadly similar size. Remuneration is benchmarked against rewards available for equivalent roles in suitable comparator companies, with the aim of paying neither significantly above nor below market levels for each element of remuneration at target performance levels. The Policy is designed to incentivise executives to meet the Group's key objectives, and so a significant proportion of total remuneration continues to be Group-performance-related. The Committee will set targets for the different components of performance-related remuneration so that they are both appropriate and sufficiently demanding in the context of the business environment and the challenges facing the Group, which is of particular concern in the current unprecedented circumstances.

Consultation took place with the Company's largest shareholders in respect of the proposed changes and the Committee took shareholders' feedback into account when finalising the proposed Policy. Following the review, the Committee decided to propose a number of changes to the current policy as set out below. The Policy will take effect from the date of approval.

A comparison of the key differences between the Existing Policy and the new Policy is as follows:

Area of focus	Existing Policy	Proposed new Policy
LTIP structure	Block award structure with four-year performance period. Equal vesting on the fourth, fifth and sixth anniversary of grant. Holding period for first and second tranche. The chief executive may receive a grant of up to 600% of base salary and other directors may receive a grant of up to 450% of base salary in respect of the block award, with an intention not to grant further awards until 2021/22. New directors may receive a single grant of up to 600% of base salary or annual awards of up to 200% of salary per annum.	Annual long-term incentive plan grant with a three-year performance period (from the beginning of the year in which the award is granted). Three-year vesting period from the date of grant of the award and a two-year post-vesting holding period (during which, in limited circumstances, awards may lapse/shares may be forfeited). First awards can be granted in 2020/21. The chief executive may receive an annual grant of up to 200% of base salary (in line with the previous maximum allowed for new directors) and other directors may receive an annual grant of up to 150% of base salary.
Dividend equivalents	No dividend equivalents payable on deferred bonus awards.	The Committee may include the right to receive dividend equivalents on shares to the extent they vest under the deferred bonus awards.
Malus and clawback	Annual bonus and LTIP subject to malus and clawback, in the event of misstatement, gross misconduct and error. For LTIP awards granted on or after 25 April 2018, additional trigger events were introduced.	Align malus and clawback provisions for bonus and LTIP. Provisions strengthened for annual bonus to include trigger events, such as serious reputational damage, failure in risk management and corporate failure.
Post-employment Minimum Shareholding Requirement ("MSR")	Not applicable	Post-employment MSR introduced at 100% of the in-employment MSR for two years post-cessation.

Area of focus	Existing Policy	Proposed new Policy
Overriding discretion	Overriding discretion (both upward and downward) exists for annual bonus and LTIP.	Shareholders will be consulted prior to the exercise of any upward discretion for annual bonus and LTIP outcomes.
Pension	Maximum pension allowance of 10% for new executive directors (less the lower earnings limit), including current CEO and CFO.	Pension level for new executive appointments will be aligned with the majority of the wider workforce. For incumbent executive directors, the Committee will keep this under review and consider when and how the pension level for incumbent executive directors will be aligned with the majority of the wider workforce, with alignment intended to be achieved by the end of 2022 at the latest.
Legacy arrangements	The Committee may approve payments to satisfy commitments agreed prior to its approval.	In light of the current exceptional and unprecedented circumstances, and as a result of the 2017/18 LTIP award being a block award, the Committee may amend the original award terms of the outstanding 2017/18 LTIP awards to such extent at it considers appropriate to ensure these awards continue to provide an appropriate incentive and retention tool following the impact of the COVID-19 pandemic. The Committee will not use this element of policy without firstly consulting with major shareholders and secondly seeking formal approval of shareholders at a general meeting of such related amendments to the awards and/or rules of The Rank Group Plc 2010 Long-Term Incentive Plan as required.
Payments on termination	Compensatory payments are limited to 12 months' base salary, cash car allowance, and defined pension contributions (or cash allowance).	Payments allowed on termination expanded to cover: • Reasonable outplacement costs; • Reasonable legal fees; • Leaving gift and/or event, as appropriate, of not more than £1,000; • Statutory entitlements; and • Settlement or compromise claims where considered to be in the best interests of the Company.

The Committee reviews the Group's overall remuneration philosophy and structure each year to ensure that the framework remains effective in supporting the Group's strategic objectives and fairly rewards individuals for the contribution that they make to the business, having regard to the size and complexity of the Group's operations and the need to motivate our employees. It recognises that the performance of the Company is dependent upon the quality of its directors, senior executives and employees and that the Group therefore seeks to attract, retain and motivate skilled directors and senior executives of the highest calibre. In order to attract such individuals, the Committee needs to ensure that the remuneration packages properly reflect an individual's duties and responsibilities, are appropriate and competitive (not paying more than is necessary), sensitive to pay elsewhere within the Group and directly linked to performance. The Committee has taken account of these considerations in reviewing, and then proposing, this Policy.

Remuneration policy

Subject to shareholder approval at the Company's annual general meeting on 11 November 2020, the remuneration policy for each remuneration element for executive directors will be as outlined in the table below.

Component and link to business strategy	Operation
Base salary To attract and retain skilled, high-calibre individuals to deliver the Group's strategy.	Base salaries are typically reviewed annually, with any change normally effective from 1 April. Any increases take into account: • The role's scope, responsibility and accountabilities; • Market positioning, including pay levels at other gaming operators; • General rates of increase across the Group; and • The performance and effectiveness of the individual and the Group.
Insured and other benefits Insured and other benefits are offered to executive directors as part of a competitive remuneration package.	Insured benefits may comprise private healthcare insurance for executive directors and dependants, life assurance and permanent health insurance. Other benefits comprise a cash car allowance and the fuel cost of all mileage (private and business). The amount of the cash car allowance is reviewed periodically by the Committee in the light of market conditions. Other benefits, in line with the provision to other employees, may be offered as appropriate and travel and related expenses may be reimbursed. The Committee retains the discretion to offer relocation assistance in the form of an allowance or otherwise to support the movement of executive talent across the business. If provided, the Committee aims to ensure payments are not excessive and support business needs. As such, relocation assistance will be reviewed on a case-by-case basis taking into account factors such as the individual's circumstances and the geographies involved, meaning that there is no prescribed formula for calculating the level or structure of payments. Tax equalisation and overseas tax advisory fees may be payable. Executive directors may participate in HMRC-approved all-employee schemes up to HMRC limits.
Retirement provisions Rewards sustained contribution and encourages retention of executive directors.	Executive directors are offered membership of the Rank Group Retirement Savings Plan (the "Pension Plan") or a cash allowance of equivalent value to the employer's contribution to the Pension Plan. An executive director may be automatically enrolled in The Rank Group NEST Workplace Pension Scheme (the "Pension Scheme") in accordance with the Company's obligations under the Pensions Act 2008.

Performance metrics	Maximum opportunity
Not applicable although the individual's performance will be taken into account when determining the level of increase, if any.	While there is no maximum annual increase, ordinarily any increases in executive directors' base salaries will be limited, in percentage of base salary terms, to those received by the wider workforce during the year. Where the Committee considers it necessary or appropriate, larger increases may be awarded in individual circumstances, such as a change in scope or responsibility or alignment to market levels. For new executive director hires, the Committee has the flexibility to set the salary at a below-market level initially and to realign it over the following years as the individual gains experience in the role. In exceptional circumstances, the Committee may agree to pay above-market levels to secure or retain an individual who is considered by the Committee to possess significant and relevant experience which is critical to the delivery of the Group's strategy.
Not applicable.	It is anticipated that the provision of insured and other benefits will not form a significant part of the package in financial terms. The cost of the benefits provided may change in accordance with market conditions or in the event of the payment of relocation assistance.
Not applicable.	For all new executive director appointments, the maximum pension contribution (defined contribution or cash allowance) will be aligned with the majority of the wider workforce (which is currently 3% of base salary). Our incumbent executive directors currently receive a pension contribution (up to any maximum contribution levels set annually by HMRC) or a cash allowance of 10% of the executive director's base salary (less the lower earnings limit) as part of their contractual arrangements. The Committee will keep this under review and consider when and how pension levels for incumbent executive directors will be aligned with the majority of the wider workforce, with alignment intended to be achieved by the end of 2022 at the latest.

Component and link to business strategy	Operation
Annual bonus Motivates the achievement of annual strategic, financial and personal performance. Rewards individual contribution to the success of the Group.	Rank operates an annual bonus scheme in which executive directors participate. The bonus is based on stretching targets set annually. Bonus pay-outs are determined by the Committee after the year end following the Committee's assessment of performance relative to the targets set. Any cash bonuses earned by the executive directors will be subject to a six-month deferral period and will be paid in the December following the 30 June financial year end. Any bonus earned by the chief executive above 100% of base salary, and 80% of base salary for other executive directors, will be deferred into shares under the Rank Group 2020 Deferred Bonus Plan ("the DBP") for a period of two years and will normally be settled in shares, but may be settled in cash in accordance with the rules of the DBP. The Committee retains the discretion to override formulaic bonus outcomes, both upward and downward, where necessary, to take account of overall or underlying Company performance and to allow the Committee to assess the quality of earnings over the year. The Committee will consult with major shareholders prior to the exercise of any upward discretion. Recovery and withholding provisions apply in the event of a material misstatement, an act of gross misconduct, an error in the assessment of performance targets, a material financial loss to the Group or a material deterioration in Group profits which is inconsistent with the financial performance of the gaming industry, serious reputational damage, failure in risk management or corporate failure. Dividend equivalents may be paid in respect of a vested DBP award (normally in shares, but may be settled in cash in accordance with the rules of the DBP) by reference to dividends with record dates arising during the award's vesting period.
Long-term incentive plan The long-term incentive plan is intended to align the interests of the executive directors and shareholders through the creation of shareholder value over the long term.	Awards are normally granted annually. Vesting is usually on the third anniversary of the date of grant, dependent on the achievement of stretching performance conditions measured over a period of three financial years. Executive directors are required to retain vested LTIP shares, net of tax, for a further period of two years. During this two year period, awards would lapse/shares would be forfeited if the executive director (i) was determined to be in breach of their service agreement or (ii) is engaged by a competitor in an executive capacity, unless the Committee exercised its discretion to allow the executive director to retain the award/shares. The Committee retains the discretion to override formulaic vesting outcomes, both upward and downward, where necessary, to take account of overall or underlying Company performance. The Committee will consult with major shareholders prior to the exercise of any upward discretion. Recovery and withholding provisions apply in the event of a material misstatement, an act of gross misconduct, an error in the assessment of performance targets, a material financial loss to the Group or a material deterioration in Group profits which is inconsistent with the financial performance of the gaming industry, serious reputational damage, failure in risk management or corporate failure.
In-employment shareholding requirement To create greater alignment between executive directors and shareholders.	Subject to there being sufficient free float, executive directors are required to build a shareholding of 200% of base salary within five years of appointment. Shares subject to unvested deferred bonus awards and vested but unexercised deferred bonus awards and LTIP awards may be included on a net-of-tax basis.
Post-employment shareholding requirement To ensure continued alignment of the long-term interests of executive directors and shareholders post-cessation.	Subject to there being sufficient free float, executive directors are required to maintain a shareholding equivalent to the in-employment shareholding requirement immediately prior to departure (or the actual share- and award-holding on departure, if lower) for two years post-cessation. Shares subject to unvested deferred bonus awards and vested but unexercised deferred bonus awards and LTIP awards may be included on a net of tax basis. The requirement will apply to shares vesting under deferred bonus and LTIP awards made from the effective date of the amended Policy onwards. There are appropriate arrangements in place to ensure enforceability.

Performance metrics	**Maximum opportunity**
The bonus will be based at least 50% on the achievement of financial performance targets and may, from time to time as considered appropriate by the Committee, include non-financial measures and strategic and/or personal objectives. Performance below threshold will result in zero payment. Up to 25% of the maximum opportunity available may be payable for achieving a threshold level of performance. A full description of the performance measures in place and performance against them will be provided in the annual remuneration report on a retrospective basis, to the extent they are not considered to be commercially sensitive.	Chief executive: 150% of base salary. Other executive directors: 120% of base salary.
Performance targets may relate to both financial and non-financial measures linked to the Group's long-term business strategy, including but not limited to: • Group or business unit profit; • Group or business unit revenue; • Return on capital; and • Strategic objectives of the Group. The Committee may choose different measures and weightings between them, if it deems it appropriate, taking into account the strategic objectives of the Company. At least 50% of the award will be subject to financial targets and/or relative TSR. For each performance metric, a threshold and stretch level of performance is set. At threshold, no more than 25% of the relevant element vests, rising on a straight-line basis to 100% for performance between threshold and maximum. At the end of the applicable performance period, the Committee will have absolute discretion to determine the extent to which the relevant awards will vest, if at all, taking account of underlying Group, individual and share price performance.	Chief executive may receive an annual grant of up to 200% of base salary and other executive directors may receive an annual grant of up to 150% of base salary.
Not applicable.	Not applicable.
Not applicable.	Not applicable.

Setting of performance measures and targets

The Committee reviews and selects performance measures at the beginning of each award cycle under both the annual bonus plan and the LTIP, being informed by the short- and long-term priorities of the Group at the time. The Committee considers the Group's key performance indicators and strategic business plan when selecting measures and calibrating targets. The Committee is aware that targets for both financial and non-financial measures should be appropriately stretching yet achievable. Details of these are included in the annual report each year. Factors that the Committee may consider include the strategic plan, the annual budget, economic conditions, individuals' areas of responsibility, the Committee's expectations over the relevant period and input from the major shareholder.

Committee discretion in operation of variable pay schemes

The Committee operates under the powers it has been delegated by the Board. In addition, it complies with rules that are either subject to shareholder approval (the LTIP) or approval from the Board (the annual bonus scheme and the 2020 DBP). These rules provide the Committee with certain discretions which serve to ensure that the implementation of the Policy is fair, both to the individual executive director and to shareholders. The Committee also has discretion to set components of remuneration within a range, from time to time. The extent of such discretion is set out in the relevant rules, the maximum opportunity or the performance metrics section of the Policy on pages 110 to 113. To ensure the efficient administration of the variable incentive plans outlined above, the Committee will apply certain operational discretions. These include the following:

- Selecting the participants in the plans;
- Determining the timing of grants of awards and/or payments;
- Determining the quantum of awards and/or payments (within the limits set out in the Policy on pages 110 to 113);
- Determining the choice of (and adjustment of) performance measures and targets for each incentive plan in accordance with the Policy set out on pages 110 to 113 and the rules of each plan;
- Determining the extent of vesting based on the assessment of performance and discretion relating to measurement of performance in certain events such as a change of control or reconstruction;
- Determining if awards need to be cash-settled in exceptional circumstances, such as for tax or regulatory reasons or where there is insufficient free float or where the amount required to be withheld for tax purposes is to be cash-settled;
- Overriding formulaic annual bonus outcomes and LTIP vesting outcomes, taking account of overall or underlying Company performance;
- Whether malus and clawback shall be applied to any award in the relevant circumstances and, if so, the extent to which they shall be applied;
- Making appropriate adjustments required in certain circumstances, for instance for changes in capital structure;
- Determining "good leaver" status for incentive plan purposes and applying the appropriate treatment; and
- Undertaking the annual review of weighting of performance measures and setting targets for the annual bonus plan and LTIP award, where applicable, from year to year.

If an event occurs which results in the annual bonus plan or LTIP performance conditions and/or targets being deemed no longer appropriate (e.g. material acquisition or divestment or an unforeseen material change in gaming regulation or taxation which was unforeseen at the time the measures and targets were set), the Committee will have the ability to adjust appropriately the measures and/or targets and alter weightings, provided that the revised conditions are not materially less challenging than the original conditions. Any use of the above discretion would, where relevant, be explained in the annual report on remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Legacy arrangements

The Committee may approve payments to satisfy commitments agreed prior to the approval of this Policy. This includes previous incentive awards that are currently outstanding such as the 2017/18 LTIP award. The Committee may also approve payments outside of the Policy in order to satisfy legacy arrangements made to an employee prior to (and not in contemplation of) promotion to the Board.

All historic awards that were granted but remain outstanding are eligible to vest, based on their original award terms. However, the Committee reserves the right to amend the original award terms of the outstanding 2017/18 LTIP awards to such extent at it considers appropriate to ensure these awards continue to provide an appropriate incentive and retention tool following the impact of the COVID-19 pandemic. The Committee will not use this element of policy without firstly consulting with major shareholders and secondly seeking formal approval of shareholders at a general meeting for such related amendments to the awards and/or rules of The Rank Group Plc 2010 Long-Term Incentive Plan as may be required.

Differences in the Policy for executive directors relative to the broader employee population

The Policy in place for the executive directors is informed by the structure operated for the broader employee population. Pay levels and components vary by organisational level but the broad themes and philosophy remain consistent across the Group:

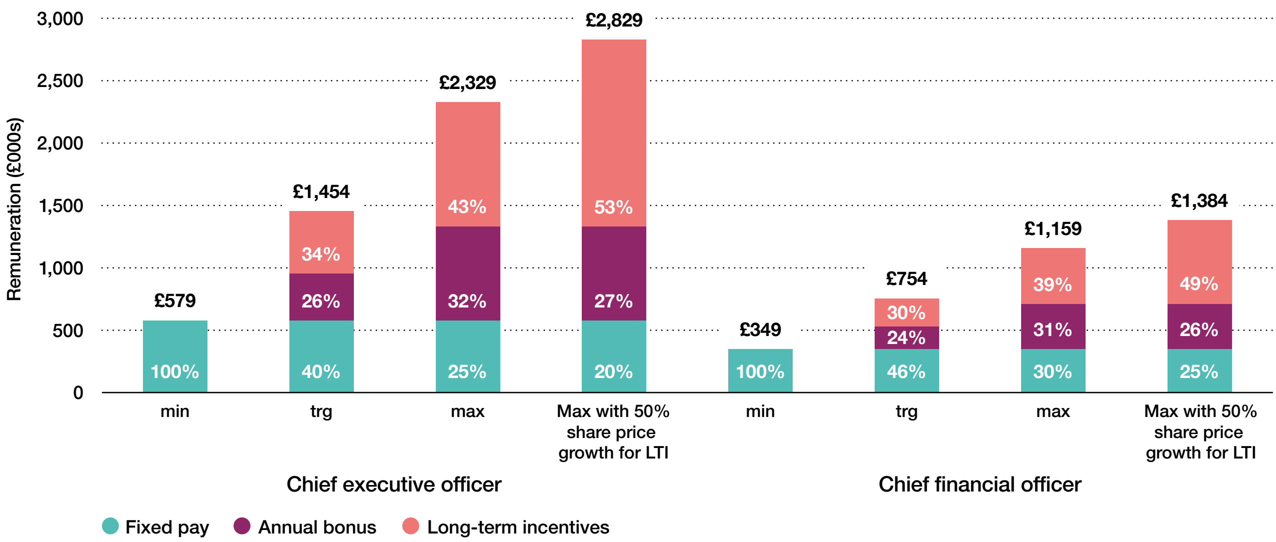
- Salaries are reviewed annually with regard to the same factors as those set out in the Policy table for executive directors;
- Members of the executive committee participate in an annual bonus plan aligned with that offered to the executive directors. Other members of senior

management participate in the same plan, dependent on performance of the Group or performance of business division, according to their role and level;

- Members of the senior management team can be considered for awards under the LTIP. This is intended to encourage share ownership in the Company and align the management team with the strategic business plan; and
- Eligibility for and provision of benefits and allowances varies by level and local market practice. It is standard for senior executives to receive a Company car allowance. Pension provision below Board level is overall at lower contribution rates, with the majority of the Group's eligible employees now being automatically enrolled into the NEST Workplace Pension Scheme with contributions in line with legislative requirements. However, a significant proportion of employees remain in the Group's Retirement Savings Plan, with contribution levels higher than mandatorily required.

Potential reward opportunities at different levels of performance

The graphs below exhibit remuneration policy for existing executive directors and show indicative total remuneration levels under different performance scenarios: minimum, on-target and maximum. The remuneration policy results in a high proportion of total remuneration being dependent on performance, with a majority tied to the long-term performance of the Group.



Minimum: Comprises the value of fixed pay using the current base salary (before any voluntary reductions) and pension and the value of last year's benefits.

Target: Minimum plus assumes half of the bonus is earned and the LTIP vests at 50%.

Maximum: Minimum plus assumes full bonus is earned and the LTIP vests in full.

Maximum with 50% share price growth: maximum pay and the impact of an assumed 50% share price growth on the LTIP award.

Remuneration for appointments

The Committee will apply the Policy to new executive directors in respect of all components of remuneration. Base salary and benefits will be set in accordance with the Policy and relocation assistance may be provided for both internal and external appointments, if necessary. In addition, the maximum level of annual bonus which may be earned is 150% of base salary for the chief executive and 120% of base salary for other executive directors.

New executive directors may participate in the LTIP and receive an annual award of up to 200% of base salary. The Committee may also make an additional award of cash or shares on the appointment of a new executive director in order to compensate for the forfeiture of remuneration from a previous employer. Such awards would be made to the extent practicable on a comparable basis, taking account of performance, the proportion of the performance period remaining and the type of award. The Committee will set appropriate performance conditions and vesting would be on the same time horizon as the forfeited award.

New non-executive directors will be appointed on the same remuneration elements as the existing non-executive directors. It is not intended that variable pay, day rates or benefits in kind be offered.

Approach to termination payments/leavers

The Group does not believe in reward for failure. The circumstances of an executive director's termination (including the director's performance) and an individual's duty to mitigate losses are taken into account in every case. Rank's policy is to stop or reduce compensatory payments to former executive directors to the extent that they receive remuneration from other employment during the compensation period.

Compensatory payments are limited to 12 months' base salary, cash car allowance, and pension contributions (or cash allowance). In addition, the Company may pay reasonable outplacement and legal fees where considered appropriate and may provide a leaving gift and/or leaving event for the executive director (including payment of any tax thereon) where the Committee feels it is appropriate to do so, up to a maximum cost of £1,000. The Company may also pay any statutory entitlements or settle or compromise claims in connection with a termination of employment, where considered in the best interests of the Company.

Annual bonus awards will normally lapse in their entirety in the event an individual is no longer employed or serving their notice period at the time of pay-out. For certain good leaver reasons, a bonus may become payable at the discretion of the Committee. Where the bonus is payable, the Committee retains discretion as to whether it is all payable in cash or whether part of it is deferred either in cash or as deferred bonus awards.

Deferred bonus awards held by leavers will ordinarily be forfeited, except where the participant is a "good leaver" (due to death, ill-health, injury, redundancy, business transfer or other reasons at the discretion of the Committee) in which case the deferred bonus awards ordinarily vest on normal timetable. The Committee can permit early vesting at its discretion.

LTIP awards held by leavers will ordinarily be forfeited, except where the participant is a "good leaver" (due to death, ill-health, injury, redundancy, business transfer or other reasons at the discretion of the Committee), then their LTIP award will ordinarily vest on normal timetable. The extent to which an LTIP award will vest in these situations will depend upon two factors: (i) the extent to which the performance conditions (if any) have, in the opinion of the Committee, been satisfied over the original performance measurement period; and (ii) pro-rating of the award to reflect the proportion of the normal vesting period spent in service. The Committee can decide to pro-rate an LTIP award to a lesser extent (including as to nil) if it regards it as appropriate to do so in the circumstances. In addition, awards/shares will ordinarily be forfeited during the two year holding period if the executive director (i) was determined to be in breach of their service agreement or (ii) is engaged by a competitor in an executive capacity, unless the Committee exercised its discretion to allow the executive director to retain the award/shares.

Change of control

In the event of a change of control, the Committee has absolute discretion as to whether and on what basis awards should vest under the LTIP. The Committee would normally allow awards to vest upon a change of control subject to satisfaction of performance criteria and reduction on a time-apportioned basis.

Executive directors' service agreements

It is the Group's policy that executive directors have rolling service agreements.

The current executive directors' service contracts contain the key terms shown in the table below:

Provision	Detailed terms
Remuneration	• Base salary • Pension • Cash car allowance • Private health insurance for director and dependants • Life assurance • Permanent health insurance • Participation in annual bonus plan, subject to plan rules • Participation in LTIP, subject to plan rules • 25 days' paid annual leave, increasing to 30 days with length of service
Notice period	Six months' notice from both the Company and the director
Termination payment	Payment in lieu of notice equal to: • Six months' base salary • Cash car allowance • Pension supplement All of the above would be paid in monthly instalments, subject to an obligation on the part of the director to mitigate his/her loss such that payments would either reduce, or cease completely, in the event that the director gained new employment
Restrictive covenants	During employment and for six months after leaving

Copies of the executive directors' service contracts are available for inspection at the Company's registered office.

Service agreements outline the components of remuneration paid to the individual executive director but do not prescribe how remuneration levels may be adjusted from year to year.

Length of service for executive directors who served on the Board during the year, together with the date of their respective service agreements, is as follows:

Position	Name	Date of contract	Length of Board service as at 30 June 2020
Chief executive	John O'Reilly	30 April 2018	**2 years 2 months**
Chief financial officer	Bill Floydd	12 November 2018	**1 year 2 months**[1]
Managing director, retail	Alan Morgan	6 September 2016	**N/A**[2]

1. Bill Floydd was appointed to the Board on 1 May 2019.
2. Alan Morgan left the Company on 31 July 2019.

Policy for non-executive directors (including chair)

Component	Purpose and link to business strategy	Mechanics operation and performance framework	Maximum
Fees	To attract and retain skilled, high-calibre individuals to approve and challenge the Group's strategy.	Fees are reviewed in the first quarter of each calendar year to reflect appropriate market conditions. Fee increases, if applicable, are effective from 1 April. The base fee includes membership of all Board committees. Non-executive directors are not entitled to any benefits in kind and are not eligible for pension scheme membership, bonus or incentive arrangements.	Aggregate annual fees limited to £750,000 by the Company's articles of association. Current fee levels are set out in the annual report on remuneration.

All non-executive directors have letters of engagement setting out their duties and the time commitment expected. They are appointed for an initial period of three years, after which the appointment is renewable by mutual consent at intervals of not more than three years. Non-executive directors appointments are terminable without compensation. The chair's appointment is terminable on three months' notice.

In accordance with the 2018 Code, all directors offer themselves for annual re-election by shareholders. The date of appointment of each non-executive director who served during the year is set out in the table below.

Non-executive director	Original date of appointment to Board	Date of letter of engagement	Total length of service as at 30 June 2020
Chris Bell	1 June 2015	5 May 2015	**5 years 1 month**
Ian Burke[1]	6 May 2014	22 April 2014	**N/A**
Susan Hooper	1 September 2015	11 August 2015	**4 years 10 months**
Steven Esom	1 March 2016	24 February 2016	**4 years 4 months**
Alex Thursby	1 August 2017	21 August 2019[2]	**2 years 11 months**
Tang Hong Cheong	15 January 2019	15 January 2019	**1 year 5 months**
Karen Whitworth	4 November 2019	4 November 2019	**7 months**

1. Ian Burke stepped down from the Board on 17 October 2019.
2. Alex Thursby has a letter of engagement dated 21 August 2019, which is effective from 17 October 2019 and replaced his original non-executive letter of engagement dated 21 June 2017.

External appointments

The Committee recognises that executive directors may be invited to become non-executive directors in other companies and that these appointments can enhance their knowledge and experience to the benefit of the Company. Subject to pre-agreed conditions, and with the prior approval of the Board, each executive director is permitted to accept one appointment as a non-executive director in another listed company. The executive director is permitted to retain any fees paid for such service.

Shareholder engagement

In designing the Policy, the Committee consulted with major shareholders and the Investment Association who were generally supportive of the changes being proposed. The Committee informs major shareholders in advance of any material changes to the way that the Policy is implemented and will offer a meeting to discuss these details, as appropriate and/or required.

Statement of consideration of employment conditions elsewhere in the Group

As described in the notes to the Policy table on page 114, the overarching themes of the Policy in place for executive directors are broadly consistent with those applied to the wider employee population. The Committee is informed of pay and conditions in the wider employee population and takes this into account when setting senior executive pay.

Annual remuneration report

The directors' remuneration report has been prepared on behalf of the Board by the Committee, under the chair-ship of Steven Esom.

The Committee has applied the principles of good governance set out in the FRC's Corporate Governance Code 2018 and, in preparing this report, has complied with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations").

The Company's external auditor is required to report to shareholders on the audited information contained in this report and to state whether, in its opinion, it has been prepared in accordance with the Regulations.

Directors' single remuneration figure (Audited)

The table below presents a single remuneration figure for each director for the years ended 30 June 2020 and 30 June 2019 in respect of performance during the years ended on those dates:

	Fixed pay (£)				Performance pay (£)				
2019/20	Salary/fees[1]	Taxable benefits[2]	Pension	Sub-total	Cash bonus	Deferred bonus	3-year block LTIP award vesting	Sub-total	2019/20 total remuneration (£)
Executive directors									
John O'Reilly	**475,000**	**30,279**	**46,959**	**552,238**	**0**	**0**	**n/a**	**0**	**552,238**
Bill Floydd	**285,000**	**20,116**	**23,820**	**328,936**	**0**	**0**	**n/a**	**0**	**328,936**
Alan Morgan[3]	**34,856**	**1,584**	**3,097**	**39,537**	**0**	**0**	**n/a**	**0**	**39,537**
Non-executive directors									
Chris Bell	**50,810**	**0**	**0**	**50,810**	**n/a**	**n/a**	**n/a**	**n/a**	**50,810**
Ian Burke[4]	**48,000**	**0**	**0**	**48,000**	**n/a**	**n/a**	**n/a**	**n/a**	**48,000**
Steven Esom	**54,625**	**0**	**0**	**54,625**	**n/a**	**n/a**	**n/a**	**n/a**	**54,625**
Susan Hooper	**50,825**	**0**	**0**	**50,825**	**n/a**	**n/a**	**n/a**	**n/a**	**50,825**
Tang Hong Cheong[7]	**n/a**	**n/a**	**n/a**	**0**	**n/a**	**n/a**	**n/a**	**n/a**	**0**
Alex Thursby[5]	**122,606**	**0**	**0**	**122,606**	**n/a**	**n/a**	**n/a**	**n/a**	**122,606**
Karen Whitworth[6]	**35,527**	**0**	**0**	**35,527**	**n/a**	**n/a**	**n/a**	**n/a**	**35,527**

	Fixed pay (£)				Performance pay (£)				
2018/19	Salary/fees	Taxable benefits[2]	Pension	Sub-total	Cash bonus	Deferred bonus	3-year block LTIP award vesting	Sub-total	2018/19 total remuneration (£)
Executive directors									
John O'Reilly	500,000	30,864	49,464	580,328	0	0	n/a	0	580,328
Bill Floydd	50,000	3,370	3,995	57,365	0	0	n/a	0	57,365
Alan Morgan	375,000	23,590	37,567	436,157	0	0	n/a	0	436,157
Non-executive directors									
Chris Bell	52,500	n/a	n/a	52,500	n/a	n/a	n/a	n/a	52,500
Ian Burke	160,000	n/a	n/a	160,000	n/a	n/a	n/a	n/a	160,000
Steven Esom	57,500	n/a	n/a	57,500	n/a	n/a	n/a	n/a	57,500
Susan Hooper	52,468	n/a	n/a	52,468	n/a	n/a	n/a	n/a	52,468
Tang Hong Cheong	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	0
Alex Thursby	59,000	n/a	n/a	59,000	n/a	n/a	n/a	n/a	59,000

1. Executive and non-executive directors in situ at the time volunteered a 20% reduction in salaries and fees with effect from 1 April 2020 until the vast majority of our venues reopened on 15 August 2020.
2. Taxable benefits comprise car allowance, fuel benefit, and life, long-term disability and private medical insurances, as detailed on page 110.
3. Alan Morgan stepped down from the Board on 31 July 2019.
4. Ian Burke stepped down from the Board on 17 October 2019.
5. Alex Thursby was appointed as Board chair on 17 October 2019.
6. Karen Whitworth was appointed to the Board on 4 November 2019 and as audit chair 21 November 2019.
7. Tang Hong Cheong was appointed to the Board on 15 January 2019. He does not receive any payment for his role as a non-executive director.

Non-executive directors are entitled to receive fees only and details of those received are provided on page 126. These amounts are within the maximum annual aggregate amount of £750,000 currently permitted by the Company's articles of association.

The aggregate total annual amount received by all directors during the year ended 30 June 2020 is shown below:

	2019/20[1]	2018/19
Executive directors	**£920,710**	£1,116,120
Chair and non-executive directors	**£362,393**	£397,724
Total	**£1,283,103**	£1,513,844

1. Executive and non-executive directors volunteered a 20% reduction in salaries and fees with effect from 1 April 2020 until the vast majority of our venues reopened on 15 August 2020. Contracted salaries continued to be used for the purposes of insured benefits.

Base salary (Audited)

The Committee reviewed the executive director base salaries during the year. It determined to increase such salaries by 2.5% in line with overall increases awarded to the wider workforce. However, due to COVID-19, such increases were not implemented and executive director salaries therefore remained unchanged at 1 April 2020, the effective date for any increases, versus the prior year. In addition, for the period from 1 April 2020 until such time as our venues reopened on 15 August 2020, the executive directors took a voluntary 20% reduction in base salary.

	1 April 2020[1]	1 April 2019	% change
Chief executive	**£500,000**	£500,000	0%
Chief financial officer	**£300,000**	£300,000	0%

1. Executive and non-executive directors volunteered a 20% reduction in salaries and fees with effect from 1 April 2020 until the vast majority of our venues reopened on 15 August 2020.

Annual bonus plan (Audited)

The bonus for 2019/20 was based primarily on the following challenging profit-after-tax targets. Straight-line vesting applies between threshold and maximum.

Pay-out	Threshold (0%)	Target (50%)	Maximum (100%)	Actual	Payout (% of max)
Profit after tax ("PAT")	**£55.77m**	**£58.7m**	**£61.64m**	**£27.1m**	**0%**

Long-term incentives (Audited)

The LTIP is currently the only long-term incentive scheme in place for the executive directors and other senior executives. A single LTIP award was granted on 28 June 2018 to John O'Reilly and Alan Morgan, and on 22 November 2018 to Bill Floydd, based on performance over the four-year period ending 30 June 2021. The awards made cover four years of annual grants.

	Single award made in 2017/18 for John O'Reilly and Alan Morgan and in 2018/19 for Bill Floydd		
Director	Chief executive (John O'Reilly)	Managing director, retail (Alan Morgan)[2]	Chief financial officer (Bill Floydd)
Plan	2010 LTIP	2010 LTIP	2010 LTIP
Date of grant	28 June 2018	28 June 2018	22 November 2018
Number of shares comprised in award	1,594,387	896,843	770,713
Performance period			1 July 2017 to 30 June 2021
Earliest vest date for first instalment[1]			1 October 2021 (33.3%)
Vest date for second instalment			1 October 2022 (33.3%)
Vest date for third instalment			1 October 2023 (33.4%)

1. The first instalment of Bill Floydd's LTIP award will vest on 22 November 2021, with the following instalments vesting on the same dates as the other directors.
2. Alan Morgan left the Company on 31 July 2019 and his LTIP award, as set out in this table, lapsed on such date.

70% of the award is subject to financial performance measured over the four financial years to 30 June 2021, with the remaining 30% of the award based on strategic measures relating to individual business units, as detailed below:

Financial performance targets

		Target		Stretch	
Financial performance target	Weighting	Required performance	Extent of vesting of applicable part of award	Required performance	Extent of vesting of applicable part of award
EPS	40%	21.9p	50%	25.8p or above	100%
Digital net gaming revenue	7.5%	£173.9m	50%	£212m or above	100%
Digital profit	7.5%	£41.3m	50%	£56.9m or above	100%
London revenue	7.5%	£170.3m	50%	£183.6m or above	100%
London profit	7.5%	£34.7m	50%	£38.8m or above	100%

Strategic performance targets

			Target		Stretch	
Strategic performance target CEO & Corporate Office	Measure	Weighting	Required performance	Extent of vesting of applicable part of award	Required performance	Extent of vesting of applicable part of award
Capital value creation (20%)	International revenue	10%	€85.2m	50%	€107.0m	100%
	Operating margin as a percentage of target	10%	11.0%	50%	12.0%	100%
Digital division targets (5%)	Achievement of the strategic targets for digital (as set out below)	5%	50%	50%	100%	100%
Venues division targets (5%)	Achievement of the strategic targets for venues (as set out below)	5%	50%	50%	100%	100%

			Target		Stretch	
Strategic performance target Digital	Measure	Weighting	Required performance	Extent of vesting of applicable part of award	Required performance	Extent of vesting of applicable part of award
Capital value creation (20%)	Digital revenue growth	10%	£159.9m	50%	£197.3m	100%
	Digital operating margin	10%	19.5%	50%	22.0%	100%
Digital division targets (5%)	Digital operating profit	5%	£32.5m	50%	£44.1m	100%
Venues division targets (5%)	Percentage of venues to digital customer crossover	5%	10.8%	50%	15.0%	100%

			Target		Stretch	
Strategic performance target Venues	Measure	Weighting	Required performance	Extent of vesting of applicable part of award	Required performance	Extent of vesting of applicable part of award
Capital value creation (20%)	Venues revenue growth	10%	£572.0m	50%	£573.4m	100%
	Venues operating margin	10%	13.6%	50%	13.9%	100%
Digital division targets (5%)	Percentage of venues to digital customer crossover	5%	10.8%	50%	15.0%	100%
Retail division targets (5%)	Venues operating profit	5%	£77.7m	50%	£79.7m	100%

Appointment of Karen Whitworth as a non-executive director

Karen Whitworth was appointed to the Board as a non-executive director on 4 November 2019 and audit committee chair on 21 November 2019. Her remuneration package was approved by the Committee and was in line with the Existing Policy. It comprises £50,000 per annum non-executive director fee and £9,000 per annum audit committee chair fee.

Historic chief executive pay and total shareholder return chart (unaudited)

The tables below show former and current chief executive total remuneration over the last ten years and their achieved annual variable and long-term incentive pay awards as a percentage of the plan maximum:

John O'Reilly (from 7 May 2018)		Single figure of total remuneration[1]	Annual cash bonus: actual pay-out vs. maximum opportunity	LTIP vesting rates against maximum opportunity
2019/20	(12 months)	552,238	0%	n/a
2018/19	(12 months)	580,328	0%	n/a

1. Along with the other executive and non-executive directors, John O'Reilly volunteered a 20% reduction in salary with effect from 1 April 2020 until the vast majority of our venues reopened on 15 August 2020. His contracted salary continued to be used for the purposes of insured benefits.

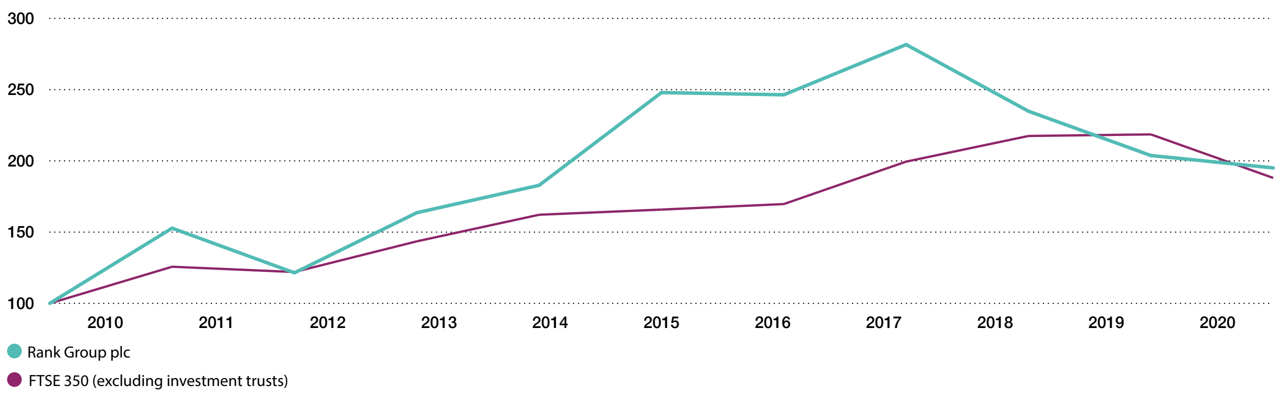
Henry Birch (from 6 May 2014 until 7 May 2018)		Single figure of total remuneration	Annual cash bonus: actual pay-out vs. maximum opportunity	LTIP vesting rates against maximum opportunity
2017/18	(10 months)	£487,006	0.00%	n/a
2016/17	(12 months)	£886,144	63.15%	37.50%
2015/16	(12 months)	£932,639	80.00%	n/a
2014/15	(12 months)	£916,010	87.20%	n/a
2013/14	(2 months)	£81,850	0.00%	n/a

Ian Burke (until 16 May 2014)		Single figure of total remuneration	Annual cash bonus: actual pay-out vs. maximum opportunity	LTIP vesting rates against maximum opportunity
2013/14	(10.5 months)	£663,804	0.00%	0.00%
2012/13	(12 months)	£1,267,489	0.00%	96.25%
2011/12	(18 months)	£3,254,000[1]	40.00%	100.00%
2010	(12 months)	£1,083,000	63.50%	0.00%

1. This included an exceptional discretionary bonus equal to 100% of base salary to reward exceptional efforts of the then chief executive in creating additional sustainable long-term shareholder value via the transformation of the Company's balance sheet, that was paid by three equal instalments in September 2012, April 2013 and December 2013.

The following chart illustrates the Company's total shareholder return ("TSR") performance compared with the FTSE 350 Index (excluding investment trusts) for the ten years to 30 June 2020. The Committee has selected this index as the Company was a constituent of the FTSE 350 for the entirety of this period.

Total shareholder return



This graph shows the value, by 30 June 2020, of £100 invested in Rank Group on 30 June 2010, compared with the value of £100 invested in the FTSE 350 Index (excluding Investment Trusts) on the same date.

Benefits

Executive director	Company car	Other benefits	Total benefits paid
John O'Reilly	**£20,000**	**£10,279**	**£30,279**
Bill Floydd	**£12,750**	**£7,366**	**£20,116**
Alan Morgan	**£1,063**	**£521**	**£1,584**

Leaving arrangements (Audited)

Ian Burke stepped down from the Board on 17 October 2019. He did not receive any payment in lieu of notice or any payment for loss of office.

Alan Morgan stepped down from the Board and left the business on 31 July 2019. His employment terminated on this date and Alan did not receive any payment in lieu of notice or any payment for loss of office. His 2017/18 LTIP awards lapsed in full.

The position adopted in relation to such departing directors was, in each case, in accordance with the Existing Policy.

External appointments (Unaudited)

John O'Reilly is a non-executive director of Weatherbys Limited and a member of the board of trustees of the prisoner befriending charity New Bridge Foundation.

Share ownership guidelines and directors' interests in shares (Audited)

Increased share ownership guidelines of 200% of salary for all executive directors were approved at the 2018 General Meeting, subject to there being sufficient free float. Executives will have five years from appointment to build up shareholdings.

Shareholdings of directors of the Company and its subsidiaries are not considered to be in public hands for the purposes of determining the sufficiency of the percentage of shares in public hands (the "free float") in the context of qualification for a listing on the UKLA's premium market. In view of the low level of free float following the completion of Guoco Group Limited's general offer for Rank in July 2011, the non-executive director quarterly share purchase programme and the shareholding guidelines for executive directors and other members of the executive committee who are directors of Rank subsidiary companies were suspended on 14 December 2011. The suspension was lifted on 2 March 2015 when free float was comfortably in excess of 25% but the guidelines were re-suspended on 22 June 2016 pending a restoration of the Company's free float to a higher level. At present, such guidelines remain suspended. For further information with regard to the Company's free float position, please see page 129.

Directors' shareholdings as at 30 June 2020 are set out in the table below:

Name	**Ordinary shares as at 30 June 2020**	Ordinary shares as at 30 June 2019	Ordinary shares as at 30 June 2018
Non-executive directors			
Chris Bell	**20,614**	0	0
Ian Burke[1]	**579,556**	579,556	579,556
Steven Esom	**0**	0	0
Susan Hooper	**0**	0	0
Tang Hong Cheong	**130,000**	70,000	n/a
Alex Thursby	**0**	0	n/a
Karen Whitworth	**0**	n/a	n/a
Executive directors			
John O'Reilly	**252,500**	160,000	160,000
Bill Floydd	**25,000**	0	n/a
Alan Morgan[2]	**0**	0	n/a

1. Ian Burke's shareholding is as at 17 October 2019, when he stepped down from the Board.
2. Alan Morgan's shareholding is at 31 July 2019, when he stepped down from the Board.

Dilution limits

The LTIP, being the Company's only equity-based incentive plan, incorporates the current Investment Association guidelines on headroom which provide that overall dilution under all plans should not exceed 10% over a 10-year period in relation to the Company's issued share capital, with a further limitation of 5% in any 10-year period for executive plans.

The Committee regularly monitors the position and prior to the making of any award considers the effect of potential vesting of awards to ensure that the Company remains within these limits. Any awards which are required to be satisfied by market-purchased shares are excluded from the calculations. No treasury shares were held or utilised in the year ended 30 June 2020.

Relative importance of spend on pay (Unaudited)

The table below shows the expenditure and percentage change in overall spend on employee remuneration and distributions paid to shareholders through the dividend paid in the year and share buybacks.

	2019/20	2018/19	Percentage change
Overall expenditure on pay	**£191.1m**	£201.3m	(5)%
Dividend paid in the year	**£32.4m**	£29.1m	11%
Share buyback	**nil**	nil	n/a

Statement of change in pay of chief executive compared with other employees (Unaudited)

The table below sets out the chief executive's base salary, benefits and annual bonus amounts for the year ended 30 June 2020, alongside the average change in gross earnings for all UK employees across the Group.

	Chief executive		All UK employees[2]
	12 months to 30 June 2020	Percentage change (2018/19 vs 2019/20)	Percentage change (2018/19 vs 2019/20)
Salary	**£475,000[1]**	-5.0%	n/a
Benefits	**£30,279**	-1.9%	n/a
Bonus	**£0**	0.0%	n/a
Gross earnings[3]	**£505,279**	-4.80%	(10.32)%

1. Along with the other executive and non-executive directors, John O'Reilly volunteered a 20% reduction in salary with effect from 1 April 2020 until the vast majority of our venues reopened on 15 August 2020. His contracted salary continued to be used for the purposes of insured benefits.
2. For the avoidance of doubt "all UK employees" includes the chief executive. Individual compensation elements for the wider employee population are not readily available to compare separately, hence providing gross earnings as our main comparison metric.
3. Gross earnings exclude insured benefits and pension payments.

CEO pay ratio

The Committee considered the appropriate calculation approaches as set out in the Regulations and has chosen Option A, as we believe it to be the simplest, most appropriate and robust way to calculate the ratio. Option A requires three UK colleagues to be identified as the equivalent of the 25th, 50th and 75th percentile. Having identified these colleagues based on pay and benefits as at 5 April 2020, the total remuneration is calculated on the same basis as the CEO single total figure of remuneration. This requires:

- Starting with colleague pay that was calculated based on actual base pay, benefits, allowances, bonus and long-term incentives for the 12 monthly and 13 four-weekly payrolls within the full financial year. Earnings for part-time colleagues are annualised on a full-time-equivalent basis to allow equal comparisons.
- Adjustments to actual base pay for those colleagues placed on furlough, using 80% of their actual salary from 22 March 2020 (Mecca), 23 March 2020 (Grosvenor) and 1 April 2020 (non-venues) through to the end of the financial year.
- Adding in the employer pension contribution.

The table below shows the ratio of CEO pay in 2019/20, using the single total figure remuneration as disclosed on page 118 to the comparable, indicative, full-time-equivalent total reward of those colleagues whose pay is ranked at the 25th, 50th and 75th percentiles in our UK workforce.

Year	Methodology	25th percentile ratio	50th percentile ratio	75th percentile ratio
2020 figures	(Option A)	32:1	31:1	24:1

	Salary	Total pay and benefits
CEO	£475,000.02	£552,237.78
25th percentile	£16,708.15	£17,248.72
50th percentile	£17,185.80	£17,824.90
75th percentile	£22,239.29	£22,958.82

- Future years' ratios will be disclosed building incrementally to show the ratios over a 10-year period.
- To ensure the data accurately reflects individuals at each quartile, the single figure values for individuals immediately above and below the identified employee at each quartile were also reviewed.

Committee activity during the year (Unaudited)

Matters discussed by the Committee during the year included the following:

- The proposed new remuneration policy and feedback from the shareholder consultation conducted in relation to the same;
- Analysis of shareholder voting at the 2019 annual general meeting on the annual remuneration report;
- April 2020 fixed pay review;
- 2018/19 and 2019/20 annual bonus outcomes;
- 2020/21 annual bonus plan structure;
- Outcome of the 2014/15 to 2016/17 LTIP grant;
- 2017/18 LTIP performance;
- Senior management long-term incentive schemes specific to Rank Interactive, further to the acquisition of Stride Gaming plc;
- Remuneration of new chair, independent non-executive director and executive committee members appointed during 2019/20;
- Corporate governance and regulatory matters;
- Executive director shareholding guidelines and the Company's free float position;
- Workforce engagement, including consideration of the process to ensure two-way communication between the Board and the wider organisation;
- Review and approval of deferred bonus plan rules;
- Review and approval of the annual remuneration report;
- Review and approval of the Company's gender pay gap report; and
- The Committee's effectiveness.

Advisers to the Committee (Unaudited)

The Committee has access to external information and research on market data and trends from independent consultants. The Committee was advised by the Executive Compensation practice of Aon plc ("Aon"), who were appointed as external remuneration advisers to the Committee in January 2017, until 31 May 2020 when the lead adviser moved to Alvarez & Marsal ("A&M"). On 1 June 2020, the Committee appointed the UK Executive Compensation practice of A&M as external remuneration advisers to the Committee. Both Aon and A&M are members of the Remuneration Consultants' Group and comply with its Code of Conduct, which sets out guidelines to ensure that any advice is independent and free of undue influence.

During the year, the Committee requested Aon (and, with effect from 1 June 2020, A&M) to advise on all aspects of remuneration practice. A&M provided the TSR performance graph for the directors' remuneration report. Aon was paid fees totalling £68,445 for services provided to the Committee during the year and A&M was paid fees totalling £5,271 for services provided to the Committee during the year (fees are based on hours spent). Neither Aon nor A&M provided any services other than advice in relation to remuneration practice to the Group during the period under review.

Committee evaluation (Unaudited)

Last year, the Committee determined to focus on; (i) reviewing executive incentives and reward and considering the extent to which management incentives are, and continue to be, aligned with the Company's strategic aims, its long-term sustainable success and the expectations of investors; (ii) continuing to engage with shareholders; and (iii) playing its part in supporting the executive to embrace diversity and place further focus on the reduction of pay gaps within the business. I am comfortable that the Committee has given such areas due focus during the year.

This year's Committee's evaluation exercise, facilitated internally by the company secretary (following use of an external provider last year), concluded that the Committee continues to operate effectively. Having considered the findings, the Committee agreed that its focus for the forthcoming year should be, in particular: (i) how the Committee remains comfortable that management incentives remain aligned with strategy and are competitive; (ii) how the Committee will approach measures for performance in light of, and post, COVID-19, so as to give clarity and confidence to senior management; and (iii) whilst noting progress made, ensuring that it receives further workforce feedback.

Statement of shareholder voting (Unaudited)

The table below shows the voting outcome of the directors' remuneration policy at the April 2018 General Meeting and the voting outcome for the 2018/19 directors' remuneration report at the October 2019 annual general meeting. Votes are shown both including and excluding the Company's majority shareholder:

April 2018 – Approval of directors' remuneration policy

	No. of votes "For" and "Discretionary"	% of votes cast	No. of votes "Against"	% of votes cast	Total no. of votes cast	% of total shareholders eligible to vote	No. of votes "Withheld"[1]
Including majority shareholder	296,837,071	91.41%	27,877,602	8.59%	324,714,673	83.11%	35,361,974
Excluding majority shareholder	77,416,850	73.52%	27,877,602	26.48%	105,294,452	61.46%	35,361,974

1. A vote "withheld" is not a vote in law.

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	No. of votes "For" and "Discretionary"	% of votes cast	No. of votes "Against"	% of votes cast	Total no. of votes cast	% of total shareholders eligible to vote	No. of votes "Withheld"[1]
Including majority shareholder	367,643,032	98.06%	7,258,883	1.94%	374,901,915	95.96%	102,854
Excluding majority shareholder	148,522,811	95.34%	7,258,883	4.66%	155,781,694	90.92%	102,854

1. A vote "withheld" is not a vote in law.

Following the 2018 annual general meeting, the Committee reflected on the voting of its shareholders (excluding the majority shareholder) on the 2017/18 report and the senior independent non-executive director and the chair of the Committee engaged with institutional shareholders during the 2018/19 financial year to provide an opportunity to raise any concerns and provide further feedback. During the 2019/20 financial year, the chair of the Committee engaged with institutional investors in relation to the proposed new remuneration policy as set out earlier in this report.

Implementation of policy in 2020/21 (Unaudited)

Salaries

Salaries will be reviewed during the year with the current expectation that any changes will be effective 1 April 2021. Current base salaries are as follows (noting that application of the 2.5% increase approved by the Committee to apply from 1 April 2020 was not implemented, and the executive directors volunteered a 20% reduction in salary with effect from 1 April 2020 to 15 August 2020, being the date when the vast majority of our venues re-opened):

- John O'Reilly – £500,000.
- Bill Floydd – £300,000.

Pension policy

There will be no change to pension arrangements:

- John O'Reilly – 10% of contracted salary (less lower earnings limit offset).
- Bill Floydd – 10% of contracted salary (less lower earnings limit offset).

Annual bonus

The maximum bonus potential for the chief executive is 150% of salary, and 120% of salary for the chief financial officer. Performance will continue to be based on stretching targets. Disclosure of the targets is considered commercially sensitive and therefore will be disclosed retrospectively in next year's report. Any bonus payable in excess of 100% of salary for the chief executive and 80% of salary for the chief financial officer will be deferred into shares under the deferred bonus plan for two years. The remainder will be payable in cash.

Long-term incentive

It is anticipated that an annual award will be made to executive directors in FY 2020/21. However, in light of the current circumstances, at the time of writing the Committee does not consider it possible to determine the performance measures and targets for such award in a way that is meaningful from the perspective of both shareholders and participants. The Committee does not regard itself as prevented from making a grant in such circumstances, provided that the performance measures and targets are determined within six months of grant, and in-line with Policy.

Non-executive director fees

Non-executive director annual base and additional fees effective 1 April 2020 comprise:[1]

Base non-executive annual fee	£50,000
Audit committee chair	£9,000
Remuneration committee chair	£7,500
Safer gambling committee chair	£3,500
Senior independent director	£2,500

1. Application of increases to independent non-executive director fees approved by the Company's finance committee to apply from 1 April 2020 were not implemented due to COVID-19. The proposed increases had been for the base fee for independent non-executive directors to remain unchanged, but the fees for chairing each of the audit and remuneration committees be increased to £10,000 (from £9,000 and £7,500 respectively), the fees for chairing the safer gambling committee be increased to £7,500 (from £3,500) and the fees for the senior independent director be increased to £7,500 (from £2,500). Furthermore, the non-executive directors took a voluntary deduction of 20% of their respective fees for the period from 1 April 2020 until 15 August 2020, when the vast majority of our venues reopened.

Committee membership during the year

Name	Committee membership since	Notes
Chris Bell	**June 2018**	
Steven Esom (chair)	**March 2016**	Steven Esom became Committee chair in March 2016
Susan Hooper	**September 2015**	
Alex Thursby	**August 2017**	Alex Thursby stepped down as a member in October 2019
Karen Whitworth	**November 2019**	

Directors' report

The directors present their report together with the audited consolidated financial statements for the year ended 30 June 2020.

The Companies Act 2006 ("CA 2006"), the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the '2008 Regulations'), the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008, the Financial Reporting Council's UK Corporate Governance Code (July 2018) (the "Code"), the Financial Conduct Authority's (FCA) Listing Rules (LR) and the FCA's Disclosure Rules and Transparency Rules ("DTR") contain mandatory disclosure requirements in relation to this annual report in respect of the year ended 30 June 2020.

The directors' report should be read in conjunction with the strategic report (which incorporates the operating responsibly section).

Strategic report disclosures – Information that the Board considers to be of strategic importance which would otherwise need to be disclosed in the directors' report has been included in the strategic report as permitted by section 414C(11) of the CA 2006.

References to where that information can be found are provided in the index below.

Information required in the directors' report which has been disclosed within the strategic report	Location in strategic report	Page no
Business description	Group at a glance	2
Business objectives, strategies and likely future developments	Strategic and key performance indicators	4
Corporate responsibility: employees and community (including hiring, continuing employment and training, career development and promotion of disabled persons)	Operating responsibly	48 and 56
Diversity	Operating responsibly	48
Dividends	Chair's letter	8
Stakeholder engagement	Stakeholder engagement	20
Going concern and viability statement	Risk management	69
Greenhouse gas emissions	Operating responsibly	53
Particulars of important events affecting the Company and its subsidiary undertakings occurring after the year end	Chair's letter	8
Principal risks and uncertainties	Risk management	72
Profits	Financial review	60
Research and development	Our strategy	30

Disclosures required under LR 9.8.4 R

For the purposes of LR 9.8.4C R, details of the existence of the controlling shareholder relationship agreement, required to be disclosed in accordance with LR 9.8.4 R, can be found on page 128. There are no other disclosures required under this Listing Rule.

Directors

The directors who served during the period under review are:

Name	Position	Notes
Ian Burke	Chair	Ian Burke stepped down from the Board at the 2019 AGM
Alex Thursby	Chair	Alex Thursby was appointed as Chair at the 2019 AGM
Chris Bell	Senior independent director	
Steven Esom	Non-executive director	
Bill Floydd	Chief financial officer	
Susan Hooper	Non-executive director	
Alan Morgan	Managing director, retail	Alan Morgan stepped down from the Board on 31 July 2019
John O'Reilly	Chief executive	
Tang Hong Cheong	Non-executive director	
Karen Whitworth	Non-executive director	Karen Whitworth was appointed on 4 November 2019

Incorporation and registered office

The Rank Group Plc is incorporated in England and Wales under company registration number 03140769. Its registered office is at TOR, Saint-Cloud Way, Maidenhead SL6 8BN.

Stock market listing

The ordinary shares of the Company have been listed on the Official List and traded on the main market of the London Stock Exchange for listed securities since 7 October 1996 (Share Code: RNK and ISIN: GB00B1L5QH97). This is classified as a premium listing. The share registrar is Equiniti Limited.

Share capital

The Company’s authorised share capital as at 30 June 2020 £180m (£180m as at 30 June 2019), divided into 1,296,000,000 ordinary shares of 138/9p each. The ordinary shares are listed on the London Stock Exchange and can be held in certificated or uncertificated form. There were 390,683,521 shares in issue at the period end (390,683,521 as at 30 June 2019), which were held by 9,711 registered shareholders (9,872 as at 30 June 2019).

Distribution of registered shareholders as at 30 June 2020

Range	Total no. of registered shareholders	% of holders	Total no. of shares	% of issued share capital
1 – 1,000	**8,291**	**85.38**	**1,505,568**	**0.38**
1,001 – 5,000	**1,039**	**10.70**	**2,142,481**	**0.55**
5,001 – 10,000	**121**	**1.25**	**834,524**	**0.21**
10,001 – 100,000	**167**	**1.72**	**5,614,434**	**1.44**
100,001 – 1,000,000	**71**	**0.73**	**26,523,022**	**6.79**
1,000,001 and above	**22**	**0.22**	**354,063,492**	**90.63**
Totals	**9,711**	**100.00%**	**390,683,521**	**100.00%**

Significant shareholders

Hong Leong Company (Malaysia) Berhad (“Hong Leong”), the ultimate parent company of Guoco Group Limited (“Guoco”), has a controlling interest in Rank consequent upon the general offer made by its Hong-Kong-listed subsidiary company, Guoco, via its wholly-owned subsidiary, Rank Assets Limited (then known as All Global Investments Limited), and which completed on 15 July 2011. As at 30 June 2020 and as at the date of this report, Hong Leong’s interest is held as follows:

- 52.03% – Rank Assets Limited, a wholly-owned subsidiary of Guoco;
- 4.05% – GuoLine Overseas Limited, Guoco’s immediate parent company; and
- 0.06% – HL Management Co Sdn Bhd, a wholly-owned subsidiary of Hong Leong.

Hong Leong Group is a leading conglomerate based in Malaysia with diversified businesses in banking and financial services, manufacturing and distribution, property development and investments and hospitality and leisure. Further information on the Hong Leong group of companies can be found at www.hongleong.com.

Guoco is an investment holding company. The principal activities of its subsidiaries and associated companies include investment, property development, financial services and hospitality and leisure. Further information on the Guoco group of companies can be found at www.guoco.com.

On 10 November 2014 Rank entered into an agreement with Hong Leong and Guoco (together the “Controlling Shareholder”) in accordance with the requirements of LR 9.2.2A R(2)(a) (the “Relationship Agreement”). During the period under review Rank has complied with the independence provisions included in the Relationship Agreement and, so far as Rank is aware, the independence provisions included in the Relationship Agreement have been complied with during the period under review by the Controlling Shareholder and its associates. So far as Rank is aware, the procurement obligations included in the Relationship Agreement have been complied with during the period under review by the Controlling Shareholder.

Interests of 3% or more

As at 30 June 2020 and 31 July 2020 the following interests of 3% or more of the total voting rights attached to ordinary shares have been disclosed in response to Section 793 of the CA 2006 notices issued by the Company.

	As at 30 June 2020		As at 31 July 2020	
Shareholder	% held	Voting rights	% held	Voting rights
Hong Leong Co. (Malaysia) Berhad	**56.15%**	**219,350,221**	**56.15%**	**219,350,221**
Ameriprise Financial, Inc. and its group of companies (Threadneedle Retail Funds – Linked Strategies)	**9.71%**	**37,953,729**	**9.65%**	**37,715,436**
M&G Plc	**6.61%**	**25,836,541**	**6.61%**	**25,815,931**
Aberforth Partners	**4.02%**	**15,693,141**	**4.02%**	**15,693,141**
Aberdeen Standard Investments	**3.03%**	**11,854,514**	**3.65%**	**14,247,762**

The following interests of 3% or more of the total voting rights attached to ordinary shares have been notified to the Company in accordance with the FCA's DTRs. Due to the fact that the DTRs only require notification where the percentage voting rights reach, exceed or fall below 3% and each 1% threshold above 3%, there is a difference between disclosures made pursuant to the DTRs and those disclosed in response to Section 793 of the CA 2006 notices issued by the Company as set out above.

		As per FCA DTRs disclosures as at 9 September 2020	
Shareholder	Date last notified under DTR	% held	Voting rights
Hong Leong Co. (Malaysia) Berhad	**28 July 2015**	**56.09%**	**219,120,221**
Ameriprise Financial, Inc. and its group of companies	**10 Dec 2015**	**7.65%**	**29,870,389**
M&G Plc	**22 Oct 2019**	**7.38%**	**28,838,715**
Artemis Investment Management LLP	**31 May 2017**	**4.94%**	**19,287,793**

Under Listing Rule 6.1.19 R, shares held by persons who have an interest in 5% or more of a listed company's share capital are not regarded as being in public hands (the "free float"). Under this rule, the shares held by Hong Leong, Ameriprise Financial and M&G are not regarded as being in public hands. The Company's free float position as at 30 June 2020 was 26.98%.

Rights and restrictions attaching to shares

Voting rights

Each ordinary share carries the right to one vote at general meetings of the Company.

Meeting rights

Registered holders of ordinary shares are entitled to attend and speak at general meetings and to appoint proxies.

Information rights

Holders of ordinary shares are entitled to receive the Company's annual report and financial statements.

Share transfer restrictions

There are no specific restrictions on the transfer of shares contained in the Company's articles of association.

The Company is not aware of any agreements between the holders of Rank shares that may result in restrictions on the transfer of shares or that may result in restrictions on voting rights.

Variation of rights

Subject to applicable legislation, the rights attached to Rank's ordinary shares may be varied with the written consent of the holders of at least three-quarters in nominal value of those shares, or by a special resolution passed at a general meeting of the ordinary shareholders.

Directors' powers in relation to shares

Allotment and issue of shares

Subject to the provisions of the CA 2006, and subject to any resolution passed by the Company pursuant to the CA 2006 and other shareholder rights, shares in Rank may be issued with such rights and restrictions as the Company may by ordinary resolution decide. If there is no such resolution or so far as the Company does not make specific provision, they may be issued as Rank's Board may decide. Subject to the Company's articles of association, the CA 2006 and other shareholder rights, unissued shares are at the disposal of the Board.

The Company currently has no shareholder authority to allot and grant rights over any proportion of the Company's unissued share capital, nor does it have shareholders' authority to allot and grant rights over ordinary shares without first making a pro rata offer to all existing ordinary shareholders. Neither of these authorities is required for the purpose of allotting shares pursuant to employee share schemes.

Market purchases of own shares

The Company currently has shareholder authority to make market purchases of its own shares to a maximum of 39,068,352 ordinary shares, which power applies until the end of the forthcoming annual general meeting ("AGM"). As the Board has no present intention of making a market share purchase of its own shares, this shareholder approval will not be sought at the forthcoming AGM.

Directors' other powers

Subject to legislation, the directors may exercise all the powers permitted by the Company's memorandum and articles of association. A copy of these can be obtained by writing to the company secretary, or from Companies House.

Change of control

The Company's principal term loan and credit facility agreements contain provisions that, on a change of control of Rank, immediate repayment can be demanded of all advances and any accrued interest.

The provisions of the Company's share schemes and incentive plans may cause options and awards granted to employees to vest in the event of a takeover.

A change of control may also affect licences to operate, as specified in the provisions of the Gambling Act 2005, Alderney eGambling Regulations 2009 (as amended), the Belgian Games of Chance Act 1999 (as amended) and the Spanish Gaming Act 2011.

Political donations

No political donations were made during the period under review.

It has been Rank's long-standing practice not to make cash payments to political parties and the Board intends that this will remain the case. However, the CA 2006 is very broadly drafted and could catch activities such as funding seminars and other functions to which politicians are invited, supporting certain bodies involved in policy review and law reform and matching employees' donations to certain charities. Accordingly, as in previous years, the directors will be seeking shareholders' authority for political donations and political expenditure at the forthcoming AGM in case any of Rank's activities are inadvertently caught by the legislation.

Disclosure of information to auditor

Each of the directors of the Company at the date of this report confirms that:

- So far as the director is aware, there is no information needed by the Company's auditor in connection with preparing their report of which the Company's auditor is unaware; and
- He (she) has taken all the steps that he (she) ought to have taken as a director in order to make himself (herself) aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

By order of the Board

Luisa Wright
Company Secretary

9 September 2020

Directors' responsibilities

Annual report and financial statements

The directors are responsible for preparing the annual report (including the directors' report, the strategic report, the directors' remuneration report and the corporate governance statement) and the financial statements of the Group and the Company, in accordance with applicable United Kingdom law and regulations. Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law, the directors are required to prepare Group financial statements under IFRSs as adopted by the European Union. As permitted by the Companies Act 2006, the directors have elected to prepare the Company financial statements under IFRSs as adopted by the European Union. Under company law the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the Group and Company financial statements, the directors are required to:

- Present fairly the financial position, financial performance and cash flows of the Group and Company;
- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Make judgements that are reasonable;
- Provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and final performance; and
- State whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.

Accounting records

The directors must keep proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Company and the Group and ensure that the Group financial statements comply with the Companies Act 2006 and, for the Group financial statements, Article 4 of the International Accounting Standard (IAS) Regulation.

Safeguarding assets

The directors are also accountable for safeguarding the assets of the Company and the Group and, therefore, for taking reasonable steps to prevent and detect fraud and other irregularities.

Corporate website

The maintenance and integrity of Rank's corporate website, on which this annual report and financial statements are published, is the Board's responsibility. We would draw attention to the fact that legislation in the UK on the preparation and publication of financial statements may differ from that in other jurisdictions.

Statement of directors' responsibilities

The annual report and financial statements are the responsibility of, and have been approved by, the directors.

Each of the directors named on pages 80 to 81 and confirms that to the best of his/her knowledge:

- The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy;
- The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- The strategic report includes a review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the risks and uncertainties that they face.

On behalf of the Board

John O'Reilly
Chief Executive

Bill Floydd
Chief Financial Officer

9 September 2020

To the members of The Rank Group Plc

Opinion

In our opinion:

- The Rank Group Plc's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of The Rank Group Plc which comprise:

Group	Parent company
• Balance sheet as at 30 June 2020	• Balance sheet as at 30 June 2020
• Group income statement for the year then ended	• Statement of changes in equity for the year then ended
• Group statement of comprehensive income for the year then ended	• Statement of cash flows for the year then ended
• Statement of changes in equity for the year then ended	• Related notes 1 to 36 to the financial statements including a summary of significant accounting policies
• Statement of cash flows for the year then ended	
• Related notes 1 to 36 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and Parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We draw attention to note 1 in the financial statements, which indicates that the ability of the Group and the Parent company to continue as a going concern is subject to material uncertainties.

The COVID-19 pandemic and the government's response is having a significant impact on the Group's sales, profitability and cash flow, in particular due to the Group's UK, Spanish and Belgian venues being closed for an extended period of time and ongoing uncertainty over restrictions attached to government's response to the pandemic and overall customer sentiment. Whilst the Group has taken a number of actions to manage liquidity, described further in note 1 to the financial statements, the uncertainty over government's future responses to the pandemic give rise to the following material uncertainties, which may cast significant doubt about the Group's ability to continue as a going concern:

- **Forecasting uncertainty** – A material uncertainty exists over future demand forecasts caused by the impact of the COVID-19 pandemic on consumer sentiment and government's policy and the impact on overall consumer demand.
- **Covenant headroom** – A material uncertainty exists, reflecting the inherent uncertainties that exist over demand forecasts as described above, in relation to compliance with banking covenants at June 2021 should trading results fall short of the base case scenario, and no remedy be secured either through alternative funding, covenant waiver or other, before the June 2021 covenant test point.

We describe below how our audit responded to the risk relating to going concern:

- The audit engagement partner and senior team members increased their time directing and supervising the audit procedures on going concern, in particular in assessing the going concern model, assumptions and reviewing the banking covenants;
- We confirmed our understanding of Rank's going concern assessment process as well as the review controls in place on the going concern model and management's Board memoranda
- We considered the adequacy of liquidity headroom to cash on hand plus cash generation as per the base and downside forecasts and applied sensitivity analysis;
- We obtained the cash flow forecast models used by the Board in its assessment, checking their arithmetical accuracy, whether they had been approved by the Board and considered the group's historical forecasting accuracy;
- We recalculated the Group's banking covenant tests at each of the assessment points during the period;
- Using the assistance of our economics advisory team we considered whether the assumptions included within the base case, particularly over the timing of UK casino venues reopening and the timing and extent to which trading would recover to pre-COVID-19 levels, were within a reasonable range based on expectations for the external and/or internal environment as well as other matters identified in the audit;
- We considered management's downside risk scenario of the Group's cash flow forecast models and their impact on forecast liquidity and banking covenants, specifically whether the downside risks were reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively;
- We considered scenarios to breach liquidity and covenant headroom;
- We considered the likelihood of management's ability to execute feasible mitigating actions available to respond to the downside scenario based on our understanding of the Group and the sector, including whether those mitigating actions were controllable by management; and
- We assessed the appropriateness of the going concern disclosures in describing the risks associated with the Group's ability to continue as a going concern for a period of at least 12 months from the date of our auditor's report.

Our opinion is not modified in respect of these matters.

Overview of our audit approach

Key audit matters	• Impairment of tangible and intangible assets • Revenue recognition including the risk of management override • Compliance with laws and regulations • Transition impact on adoption of IFRS16 Leases • Valuation of the intangible assets arising on the acquisition of Stride Gaming PLC on 4 October 2019 in accordance with IFRS 3
Audit scope	• We performed an audit of the complete financial information of 7 components and audit procedures on specific balances for a further 24 components. • The components where we performed full or specific audit procedures accounted for 97% (98% 2018/19) of profit before tax adjusted for separately disclosed items, 100% (100% 2018/19) of revenue and 99% (99% 2018/19) of total assets.
Materiality	• Overall Group materiality of £3.4m (2018/19: £3.4m). We used professional judgement to determine materiality given the impact of COVID-19 on the Group's relevant materiality measures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the material uncertainty related to going concern section, we determined the matters described below to be the key audit matters to be communicated in our report.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of tangible and intangible assets (£37.9m, 2018/19: £11.1m) *Refer to the Audit Committee Report (page 101); Accounting policies (page 159); and Note 4 of the Consolidated Financial Statements (page 167)* At 30 June 2020 the carrying value of tangible and intangible assets was £810.7 million (2018/19: £609.3 million), £437.3 million (2018/19: £397.8m) of which relate to indefinite life intangible assets (primarily casino and other gaming licences) and goodwill. The increase in tangible assets in the current year is a result of right-of-use assets of £188 million being recognised following the adoption of IFRS 16. This is an area of focus due to the significance of the carrying value of the assets being assessed and the level of management judgement required in the assumptions impacting the impairment assessment. There are further indicators of impairment across all retail venues following nationwide lockdowns in the UK, Spain and Belgium as a result of COVID-19. The main assumptions are revenue recovery post COVID-19, assumed future cost savings, discount rate, earnings multiples and long-term growth rate. In the current year, owing to the downturn in forecast performance across retail venues, an impairment charge of £37.9 million (£8.9m in relation to tangible assets, £14.9m of right-of-use assets and £14.1m to intangible assets) was recognised.	The below procedures were performed by the Primary team for all components. **Overall Group level:** We gained an understanding through a walkthrough of the process management has in place over the impairment process. We validated that the methodology of the impairment exercise continues to be consistent with the requirements of IAS 36 Impairment of Assets, including appropriate identification of cash generating units for value in use calculations. We also confirmed the mathematical accuracy of the models. Below we summarise the procedures performed in relation to the key judgements for the tangible (including right-of-use assets) and intangible assets impairment review. • We analysed managements long-term forecasts underlying the impairment review against past and current performance and future economic forecasts incorporating COVID-19 impact for UK and Spain economies and corroborated them to budgets approved by the Board. • Compared the expectation of performance of venues reopening to other external market indicators of economic recovery searching for contrary evidence as well as engaged our internal valuations experts to consider the reasonableness of the recovery assumptions applied. • We also reperformed calculations in the models to check mathematical accuracy. • We obtained the board approved budget for the planned future forecasts. We critically assessed the reasonableness of planned measures. Recalculated the planned cost saving measures to check mathematical accuracy. • Critically challenged management's historical accuracy of forecasting through comparing prior year actual performance pre-COVID-19 against forecast performance and corroborating the reasons for deviations. We engaged specialist to assist in the review of the post COVID-19 recovery assumptions (refer to EY internal valuation specialists' section below).	Based on our audit procedures we have concluded the impairment charge of £37.9 million is appropriately determined. We highlighted that a reasonably possible change in certain key assumptions, including revenue recovery assumptions post COVID-19, change in discount rate, long-term growth and earnings multiples underpinning the forecasts for certain CGUs, could lead to additional impairment charges. We have concluded appropriate disclosures have been included by management for the above assumptions.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	• We also performed sensitivity analysis on earnings multiples for all CGUs and growth rates applied to cash flows for certain CGUs to determine the parameters that – should they arise – may give a different conclusion as to the carrying values of assets assessed. The sensitivities performed were based on reasonable possible change to key assumptions determined by management being revenue, discount rate, EBITDA multiple and long-term growth rate. We have corroborated that the reasonable possible change assumptions applied by management are reasonable, complete and have been correctly calculated. • Assessed headroom on CGUs to ensure disclosures on the impact of reasonably possible changes in assumptions and the impact on the carrying value of assets was adequately disclosed. • For the right-of-use asset, we tested that the assets had been appropriately allocated to the correct cash generating unit and an appropriate value in use calculation had been performed. **In addition, we worked with our EY internal valuation specialists to:** • Validate and corroborate the discount rates to supporting evidence and corroborated these to industry averages/trends. • Independently calculate the discount rates and compare them to the discount rates applied in the models by management. • Assess the multiples applied by management which had been received from third party experts for reasonableness and against other market indicators. • We worked with our EY Economics Advisory team to validate and corroborate Board approved forecasts for revenue recovery post COVID-19 to external economic forecasts and corroborated the short-term revenue assumptions adopted by management fall within a reasonable range.	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition including the risk of management override (£638.1m, 2018/19: £695.1m) *Refer to the Audit Committee Report (page 95); Accounting policies (page 155); and Note 2 of the Consolidated Financial Statements (page 162)* Our assessment is that the majority of revenue transactions, for both the venues and digital businesses, are non-complex, with no judgement applied over the amount recorded. £nil revenue was recognised in UK retail venues from 23rd March 2020 through to 30 June 2020 as a result of the government-imposed lockdown during this period which reduced the risk of revenue being recognised in the incorrect period. Spanish venues were closed from 17th March 2020 and started a phased re-opening from 10 June 2020 with all venues being opened by 22 June 2020. We consider there is a potential for management override to achieve revenue targets via topside manual journal entries posted to revenue. While the risk is reduced during the year as a result of venues being closed for the majority of the final quarter, there is a risk that revenue could be manipulated at any time in the year and thus be materially misstated as a result.	We performed full and specific scope audit procedures over this risk area in 17 locations, which covered 97% of Group reported revenue. Our procedures were designed to corroborate our assessment that revenue should be correlated closely to cash banked (for the Retail business), and to customer balances and cash (for the Digital business), and to identify the manual adjustments that are made to revenue for further testing. We updated our understanding of the revenue processes and tested certain key financial and IT controls over the recognition and measurement of revenue to corroborate areas most susceptible to management override. For revenue in each full and specific scope audit location; • We performed walkthroughs of significant classes of revenue transactions to understand significant processes and identify and assess the design effectiveness of key controls • We used data analytics tools to perform a correlation analysis to identify those revenue journals for which the corresponding entry was not to cash (for Retail) and customer balances (for Digital). These entries included VAT, customer incentives, bingo duty and jackpot provisions obtaining corroborating evidence for such entries. • We obtained corroborating evidence for such entries. We agreed material bingo duty entries to declarations and accruals raised due to payments being deferred in line with government assistance schemes. For material customer incentives we obtained evidence that expense was correctly netted of revenue. • We also verified the recognition and measurement of revenue by tracing a sample of transactions, selected at random throughout the year, to cash banked to verify the accuracy of reported revenue. • For Spanish venues which had re-opened by year end, we attended and re-performed cash counts at a sample of six bingo venues, selected using a risk-based approach and also included a random sample, at year end to verify the appropriate cut-off of revenue. • For UK venues which did not reopened by year end, we tested revenue cut-off at the date clubs closed in March 2020 by verifying the cash removed from clubs and verified no revenue was recognised in the closed period up to year end	Based on our audit procedures we concluded that revenue, and adjustments to revenue, are appropriately recognised and recorded.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	Digital segment specific procedures: • We reconciled the year-end customer balances to the system report, which was tested for completeness and accuracy. • We applied data analytics tools to reperform the monthly reconciliation between revenue, cash and customer balances. • For each brand, using test accounts in the live gaming environment, we tested the interface between gaming servers, data warehouse and the accounting system.	
Compliance with laws and regulations *Refer to the Audit Committee Report (page 98); Accounting policies (page N/A); and Note N/A of the Consolidated Financial Statements (page N/A)* The legal and licensing framework for gaming remains an area of focus for the Gambling Commissions in the UK and Spain. The evolving environment, with territory specific regulations, makes compliance an increasingly complex area with the potential for fines and or licence withdrawal for non-compliance. Operators are further required to meet anti-money laundering obligations. In addition, the Group have taken advantage of the Coronavirus Job Retention Scheme and received government income during the period for employees placed on furlough. This is a new scheme during the period with inherent complexities linked to calculating the amount claimable and therefore a risk that an inappropriate claim is made.	**We performed the following procedures:** • We understood the Group's process and related controls over the identification and mitigation of regulatory and legal risks and the related accounting. • We reviewed regulatory correspondence and enquiries made through the year, management's response thereto and their assessment of potential exposure as at 30 June 2020. • We inquired of management and the Group's internal legal counsel regarding any instances of material breaches in regulatory or licence compliance that needed to be disclosed or required potential provisions to be recorded. • We understood management's process for calculating the amount claimable under the Coronavirus Job Retention Scheme. We corroborated inputs to underlying payroll data as well as government websites for a sample of two months. We also reperformed calculations in the models to check mathematical accuracy.	Based on our audit procedures performed, we concluded that management have appropriately assessed the financial implications for non-compliance with laws and regulations and that disclosures in the financial statements are appropriate. We concluded that the amount claimed through the Coronavirus Job Retention Scheme has been appropriately calculated, accounted for and disclosed within the financial statements.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Transition impact on adoption of IFRS16 Leases (lease liability of £265.2m right-of-use asset £188.0m) *Refer to the Audit Committee Report (page 101); Accounting policies (page 153); and Note 12 and 31 of the Consolidated Financial Statements (pages 175 and196)* The accounting of the transition impact of IFRS 16 is complex and requires a number of estimates, the most significant of which is the discount rate to apply for each lease. Further, the Group has a high volume of leases, some of which have been in place for a number of years and there is a risk that the lease data which underpins the IFRS 16 transition calculation is incomplete or inaccurate.	**We performed the following procedures:** • Our audit procedures included assessing the design and implementation of the key controls relating to the determination of the IFRS 16 transition impact. • We assessed the completeness of the population of leases by testing the reconciliation to Group's operating lease commitments as reported in the prior year financial statements and validated that leases had been appropriately uploaded onto the lease accounting IT application. On a sample basis, we performed testing of lease data input into the lease accounting IT application. • We assessed the appropriateness of the incremental borrowing rates by reviewing management's methodology with the support of our Corporate Treasury specialists and reperforming the calculations and validating with reference to observable market rates. • We challenged the key judgements and assumptions used by management with assistance from EY internal financial accounting advisory specialists, including those in respect of options and rent uplifts. • For a sample of leases, we independently modelled the impact of IFRS 16 using our own internally designed tool and compared the results to the Group's accounting IT application. • We compared the disclosures provided in the financial statements on the impact of IFRS 16 to the disclosure requirements of IFRS 16.	Based on our audit procedures performed we concluded the key estimates and judgements underpinning the transition impact on adoption of IFRS 16 and the disclosures made are appropriate.
Valuation of the intangible assets arising on the acquisition of Stride Gaming PLC on 4 October 2019 in accordance with IFRS 3 *Refer to the Audit Committee Report (page 101); Accounting policies (page 154); and Note 34 of the Consolidated Financial Statements (page 199)* In October 2019 the group acquired Stride Group plc for a total consideration of £116.0m. The identification and completeness of intangible assets identified upon acquisition and their associated fair valuation requires judgement. The key judgements in relation to this risk relate to the discount rates and valuation methodology applied namely cost to replicate (Platform), relief-from-royalty (Brand) and multi-period excess earnings method (Customer relationships). The key acquired assets identified are Platform technology £29.8m, Brand £3.7m, customer relationships £6.2m and Goodwill of £53.0m. The impairment procedures as set out in our impairment KAM incorporate the testing of these assets as at the balance sheet date in accordance with IAS 36.	**We performed the following procedures:** • Obtained an understanding of the internal controls over the preparation of the valuation model and over independent third-party expert advice; • We evaluated the integrity and expertise of management's valuation advisors; • With the assistance of EY internal corporate finance valuation specialists we evaluated the key judgements applied by management's expert to assess whether management's discount rate, was within an acceptable range. • Assess whether management's relief-from-royalty and multi period excess earnings methodology used to determine the valuation of the brand and customer relationships respectively were appropriate. We further tested the assumed cost to replicate used to value the platform. • We also reperformed calculations in the valuation models to check mathematical accuracy. Received management analysis of the elements of value from the combination supporting the resulting goodwill.	Based on our audit procedures performed we concluded that the valuation of the Stride platform, brand and customer relationships upon acquisition determined by management is appropriate.

In the prior year, our auditor's report included key audit matters in relation to onerous lease provisions, indirect tax exposure and separately disclosed items. In the current year, we have excluded these as key audit matters.

Onerous lease provisions under IAS 37 are no longer relevant following the adoption of IFRS 16 Leases. Where an onerous lease would have been recognised under the previous accounting standard, this will instead be assessed as an impairment of the right-of-use asset in accordance with IFRS 16 Leases.

Indirect tax exposure has been removed as a key audit matter as there are no new indirect tax matters in the current financial year and no change to the underlying facts and circumstances in relation to these ongoing matters. One of the largest ongoing case was also settled in favour of The Rank Group Plc in the current year.

The classification of items recorded as separately disclosed are primarily in relation to items already identified as key audit matters, with the remaining areas being lower judgement areas.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each entity.

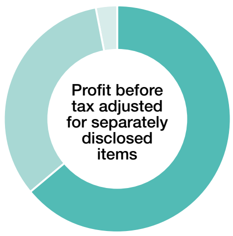
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the forty four reporting components of the Group, we selected thirty four components covering United Kingdom, Alderney, Malta, Spain, Gibraltar, Mauritius, India and Israel, which represent the principal business units within the Group.

Of the thirty four components selected, we performed an audit of the complete financial information of eight components ("full scope components") which were selected based on their size or risk characteristics. For the remaining twenty six components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

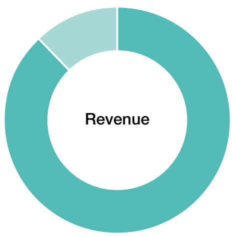
The reporting components where we performed audit procedures accounted for 97% (2018/19: 98%) of the Group's profit before tax adjusted for separately disclosed items, 100% (2018/19: 100%) of the Group's revenue and 99% (2018/19: 99%) of the Group's total assets. For the current year, the full scope components contributed 64% (2018/19: 59%) of the Group's profit before tax adjusted for separately disclosed items, 88% (2018/19: 89%) of the Group's revenue and 75% (2018/19: 72%) of the Group's total assets. The specific scope component contributed 33% (2018/19: 39%) of the Group's profit before tax adjusted for separately disclosed items, 12% (2018/19: 11%) of the Group's revenue and 24% (2018/19: 27%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant tested for the Group.

Of the remaining ten components that together represent 3% of the Group's profit before tax adjusted for separately disclosed items, none are individually greater than 1% of the Group's profit before tax adjusted for separately disclosed items. For these components, we performed other procedures, including analytical review, testing of consolidation journals, intercompany eliminations and foreign currency translations to respond to any potential risks of material misstatement to the Group financial statements.

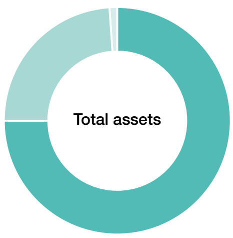
The charts below illustrate the coverage obtained from the work performed by our audit teams.



Full scope components	64%
Specific scope components	33%
Other procedures	3%



Full scope components	88%
Specific scope components	12%
Other procedures	0%



Full scope components	75%
Specific scope components	24%
Other procedures	1%

Changes from the prior year

Our scoping remains unchanged from prior year other than the increase of in-scope entities following the acquisition of Stride Group in October 2019.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms as well as three Non-EY components operating under our instruction. Of the seven full scope components, audit procedures were performed on all seven of these directly by the primary audit team as well as six specific scope components. For the eighteen specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team intended to complete site visits to the EY component team in Spain and the Grant Thornton component team in Mauritius in June/July 2020 which are specific scope components. Following the outbreak of COVID-19 and government guidance issued by the UK and other governments it was not possible to complete the planned visits. We therefore completed the site visits virtually through the use of video or teleconferencing facilities. The virtual visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management, attending closing meetings and reviewing key audit working papers on risk areas. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the procedures performed at Group level due to significant accounts and processes being managed by the Group finance function, gave us appropriate evidence for our opinion on the Group financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £3.4 million (2018/19: £3.4 million), which represents our professional judgement based on a range of relevant metrics used by investors and other readers of the financial statements. This approach is a change from the prior year to reflect the volatility in the results of the Group arising from the impact of COVID-19. In 2018/19 we used 5% of profit before tax and separately disclosed items. Materiality in current year reflects 4.6% of profit before tax and separately disclosed items through to period 8 which is the final period of full trade prior to the impact of COVID-19 and reflects 0.9% of net assets (2018/19: 0.9%). Adjustments made to the benchmark for separately disclosed items are not material given the contra effect of separately disclosed income and expense.

We determined materiality for the Parent Company to be £7.7 million (2018/19: £7.4 million), which is 1% (2018/19: 1%) of equity. The Parent Company has a higher materiality than the Group as the basis of determining materiality are different. The Parent Company is a non-trading entity and as such, equity is the most relevant measure to the stakeholders of the entity.

During the course of our audit, we reassessed initial materiality to reflect the impact of COVID-19 on The Rank Group Plc as per the rationale above. Preliminary planning materiality for FY20 was calculated as £4.1million based on 5% of forecast profit before tax and separately disclosed items.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2018/19: 50%) of our planning materiality, namely £1.7m (2018/19: £1.7m). We have set performance materiality at this percentage to take into account the inherently high-risk nature of the industry in which the Group operates as well as the impact COVID-19 has had on the Group's operations. We have also taken into consideration changes within the Group and the impact this could have on the operations of the Group. Our objective in adopting this approach was to conclude that undetected audit differences in all accounts did not exceed our planning materiality level.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.3m to £0.9m (2018/19: £0.3m to £0.9m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.2m (2018/19: £0.2m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 203 to 204, including the five-year review and the shareholder information, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 131** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on page 95** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 79** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the strategic report or the directors' report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- a Corporate Governance Statement has not been prepared by the company

Responsibilities of directors

As explained more fully in the directors’ responsibilities statement set out on page 131, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are the Companies Act 2006, the UK Gambling Commission, Gambling Act 2005, Money Laundering regulations, The Alderney Gambling Control Commission, The Spanish Gaming Act and License Conditions & The Code of Practice 2008. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to data protection.
- We designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved discussions with management and legal counsel to assess and understand the implications on our audit procedures. Our audit procedures in respect of the “Regulatory and Legal risk” are described above in “Key audit matters” section.
- We understood how The Rank Group Plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes, papers provided to the Audit and Risk Committees and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group’s financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations including anti-money laundering. Our procedures included a review of board minutes to identify any noncompliance with laws and regulations, a review of the reporting to the Audit Committee on compliance with regulations, enquiries of the Director of Legal Services and enquiries of management.
- The Group operates in the gaming industry which is a highly regulated environment. As such the Senior Statutory Auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of experts where appropriate.
- As the gaming industry is highly regulated, we have obtained an understanding of the regulations and the potential impact on the Group and in assessing the control environment we have considered the compliance of the Group to these regulations as part of our audit procedures, which included a review of correspondence received from the regulator.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Other matters we are required to address

- Following a competitive tender process, we were reappointed by the company at its annual general meeting on 17th October 2019 to audit the financial statements for the year ending 30 June 2020 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 11 years, covering the years ending 31 December 2010 to 30 June 2020.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group or the Parent Company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Annie Graham (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

9th September 2020

Notes:
1. The maintenance and integrity of The Rank Group Plc's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Group income statement
for the year ended 30 June 2020

	Note	Year ended 30 June 2020 Underlying £m	Year ended 30 June 2020 Separately disclosed items (note 4) £m	Year ended 30 June 2020 Total £m	Year ended 30 June 2019 Underlying £m	Year ended 30 June 2019 Separately disclosed items (note 4) £m	Year ended 30 June 2019 Total £m
Continuing operations							
Revenue	2	**638.1**	**–**	**638.1**	695.1	–	695.1
Cost of sales		**(365.5)**	**–**	**(365.5)**	(378.2)	–	(378.2)
Gross profit		**272.6**	**–**	**272.6**	316.9	–	316.9
Other operating income	2	**29.0**	**–**	**29.0**	–		–
Other operating costs		**(250.5)**	**(27.6)**	**(278.1)**	(241.2)	(36.7)	(277.9)
Group operating profit (loss)	2,3	**51.1**	**(27.6)**	**23.5**	75.7	(36.7)	39.0
Financing:							
• finance costs		**(13.8)**	**–**	**(13.8)**	(2.7)	(1.6)	(4.3)
• finance income		**0.6**	**–**	**0.6**	0.1	–	0.1
• other financial (losses) gains		**(0.2)**	**5.3**	**5.1**	(0.2)	–	(0.2)
Total net financing (charge) income	5	**(13.4)**	**5.3**	**(8.1)**	(2.8)	(1.6)	(4.4)
Profit (loss) before taxation		**37.7**	**(22.3)**	**15.4**	72.9	(38.3)	34.6
Taxation	6	**(10.6)**	**4.6**	**(6.0)**	(13.1)	6.1	(7.0)
Profit (loss) for the year from continuing operations		**27.1**	**(17.7)**	**9.4**	59.8	(32.2)	27.6
Discontinued operations – profit	4,6	**–**	**–**	**–**	–	1.5	1.5
Profit (loss) for the year		**27.1**	**(17.7)**	**9.4**	59.8	(30.7)	29.1
Attributable to:							
Equity holders of the parent		**27.5**	**(17.7)**	**9.8**	59.8	(30.7)	29.1
Non-controlling interest	14	**(0.4)**	**–**	**(0.4)**	–	–	–
		27.1	**(17.7)**	**9.4**	59.8	(30.7)	29.1
Earnings (loss) per share attributable to equity shareholders							
• basic	9	**7.0p**	**(4.5)p**	**2.5p**	15.3p	(7.9)p	7.4p
• diluted	9	**7.0p**	**(4.5)p**	**2.5p**	15.3p	(7.9)p	7.4p
Earnings (loss) per share – continuing operations							
• basic	9	**7.0p**	**(4.5)p**	**2.5p**	15.3p	(8.2)p	7.1p
• diluted	9	**7.0p**	**(4.5)p**	**2.5p**	15.3p	(8.2)p	7.1p
Earnings per share – discontinued operations							
• basic	9	**–**	**–**	**–**	–	0.3p	0.3p
• diluted	9	**–**	**–**	**–**	–	0.3p	0.3p

Details of dividends paid and payable to equity shareholders are disclosed in note 8.

	Note	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Comprehensive income:			
Profit for the year		**9.4**	29.1
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange adjustments net of tax		**1.1**	1.1
Items that will not be reclassified to profit or loss:			
Actuarial loss on retirement benefits net of tax	30	**(0.1)**	–
Total comprehensive income for the year		**10.4**	30.2
Attributable to:			
Equity holders of the parent		**10.8**	30.2
Non-controlling interest		**(0.4)**	–
		10.4	30.2

The tax effect of items of comprehensive income is disclosed in note 6.

Balance sheets
at 30 June 2020

		Group		Company	
	Note	**As at 30 June 2020 £m**	As at 30 June 2019 £m	**As at 30 June 2020 £m**	As at 30 June 2019 £m
Assets					
Non-current assets					
Intangible assets	10	**521.0**	447.8	**–**	–
Property, plant and equipment	11	**144.6**	161.5	**–**	–
Right-of-use assets	12	**145.1**	–	**–**	–
Investments in subsidiaries	14	**–**	–	**1,131.8**	1,131.8
Other investments	14	**–**	3.5	**–**	–
Deferred tax assets	22	**0.9**	0.1	**–**	–
Other receivables	16	**7.0**	4.1	**–**	–
		818.6	617.0	**1,131.8**	1,131.8
Current assets					
Inventories	15	**2.0**	2.7	**–**	–
Other receivables	16	**19.6**	27.2	**–**	–
Government grants	17	**11.9**	–	**–**	–
Income tax receivable	19	**1.4**	0.6	**–**	–
Cash and short-term deposits	26	**73.6**	61.8	**–**	–
		108.5	92.3	**–**	–
Total assets		**927.1**	709.3	**1,131.8**	1,131.8
Liabilities					
Current liabilities					
Trade and other payables	18	**(142.6)**	(145.2)	**(0.6)**	(0.2)
Lease liabilities	20	**(50.9)**	–	**–**	–
Income tax payable	19	**(2.5)**	(7.2)	**–**	(0.4)
Financial liabilities					
• financial guarantees	20	**–**	–	**(4.0)**	(1.6)
• loans and borrowings	20	**(21.7)**	(54.7)	**(431.1)**	(389.5)
Provisions	23	**(3.0)**	(14.9)	**(0.2)**	(0.2)
		(220.7)	(222.0)	**(435.9)**	(391.9)
Net current liabilities		**(112.2)**	(129.7)	**(435.9)**	(391.9)
Non-current liabilities					
Trade and other payables	18	**(1.1)**	(26.0)	**–**	–
Lease liabilities	20	**(189.6)**	–	**–**	–
Financial liabilities					
• loans and borrowings	20	**(107.4)**	(5.3)	**–**	–
Deferred tax liabilities	22	**(22.5)**	(22.1)	**–**	–
Provisions	23	**(15.9)**	(31.9)	**(0.9)**	(0.9)
Retirement benefit obligations	30	**(4.0)**	(4.0)	**–**	–
		(340.5)	(89.3)	**(0.9)**	(0.9)
Total liabilities		**(561.2)**	(311.3)	**(436.8)**	(392.8)
Net assets		**365.9**	398.0	**695.0**	739.0
Capital and reserves attributable to the Company's equity shareholders					
Share capital	24	**54.2**	54.2	**54.2**	54.2
Share premium		**98.4**	98.4	**98.4**	98.4
Capital redemption reserve		**33.4**	33.4	**33.4**	33.4
Exchange translation reserve		**18.8**	17.7	**–**	–
Retained earnings		**161.3**	194.3	**509.0**	553.0
Total equity before non-controlling interest		**366.1**	398.0	**695.0**	739.0
Non-controlling interest	14	**(0.2)**	–	**–**	–
Total shareholders' equity		**365.9**	398.0	**695.0**	739.0

The loss for the year ended 30 June 2020 for the Company was £11.3m (year ended 30 June 2019: loss of £7.5m).

These financial statements were approved by the board on 9 September 2020 and signed on its behalf by:

John O'Reilly, Chief Executive

Bill Floydd, Chief Financial Officer

Group	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Retained earnings (losses) £m	Reserves attributable to the Company's equity shareholders £m	Non-controlling interest £m	Total equity £m
At 1 July 2018	54.2	98.4	33.4	16.6	193.9	396.5	–	396.5
Comprehensive income:								
Profit for the year	–	–	–	–	29.1	29.1	–	29.1
Other comprehensive income:								
Exchange adjustments net of tax	–	–	–	1.1	–	1.1	–	1.1
Total comprehensive income for the year	–	–	–	1.1	29.1	30.2	–	30.2
Transactions with owners:								
Dividends paid to equity holders (see note 8)	–	–	–	–	(29.1)	(29.1)	–	(29.1)
Credit in respect of employee share schemes including tax	–	–	–	–	0.4	0.4	–	0.4
At 30 June 2019	54.2	98.4	33.4	17.7	194.3	398.0	–	398.0
At 1 July 2019	**54.2**	**98.4**	**33.4**	**17.7**	**194.3**	**398.0**	**–**	**398.0**
Effect of adoption of IFRS 16 Leases	**–**	**–**	**–**	**–**	**(10.8)**	**(10.8)**	**–**	**(10.8)**
At 1 July 2019 – Adjusted comprehensive income	**54.2**	**98.4**	**33.4**	**17.7**	**183.5**	**387.2**	**–**	**387.2**
Comprehensive income:								
Profit (loss) for the year	**–**	**–**	**–**	**–**	**9.8**	**9.8**	**(0.4)**	**9.4**
Other comprehensive income:								
Exchange adjustments net of tax	**–**	**–**	**–**	**1.1**	**–**	**1.1**	**–**	**1.1**
Actuarial loss on retirement benefits net of tax	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**	**–**	**(0.1)**
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**1.1**	**9.7**	**10.8**	**(0.4)**	**10.4**
Business acquired	**–**	**–**	**–**	**–**	**–**	**–**	**0.2**	**0.2**
Transactions with owners:								
Dividends paid to equity holders (see note 8)	**–**	**–**	**–**	**–**	**(32.4)**	**(32.4)**	**–**	**(32.4)**
Credit in respect of employee share schemes including tax	**–**	**–**	**–**	**–**	**0.5**	**0.5**	**–**	**0.5**
At 30 June 2020	**54.2**	**98.4**	**33.4**	**18.8**	**161.3**	**366.1**	**(0.2)**	**365.9**

Company	Share capital £m	Share premium £m	Capital redemption reserve £m	Unrealised profit reserve £m	Retained earnings (losses) £m	Reserves attributable to the Company's equity shareholders £m	Non-controlling interest £m	Total £m
At 1 July 2018	54.2	98.4	33.4	–	589.6	–	–	775.6
Loss and total comprehensive expense for the year	–	–	–	–	(7.5)	–	–	(7.5)
Transactions with owners:								
Dividends paid to equity holders (see note 8)	–	–	–	–	(29.1)	–	–	(29.1)
At 30 June 2019	54.2	98.4	33.4	–	553.0	–	–	739.0
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(11.3)**	**–**	**–**	**(11.3)**
Debit in respect of employee share scheme	**–**	**–**	**–**	**–**	**(0.3)**	**–**	**–**	**(0.3)**
Transactions with owners:								
Dividends paid to equity holders (see note 8)	**–**	**–**	**–**	**–**	**(32.4)**	**–**	**–**	**(32.4)**
At 30 June 2020	**54.2**	**98.4**	**33.4**	**–**	**509.0**	**–**	**–**	**695.0**

Statements of cash flow
for the year ended 30 June 2020

	Note	Group Year ended 30 June 2020 £m	Group Year ended 30 June 2019 £m	Company Year ended 30 June 2020 £m	Company Year ended 30 June 2019 £m
Cash flows from operating activities					
Cash generated from operations	25	**171.9**	113.1	**(0.1)**	(0.1)
Interest received		**0.8**	0.2	**–**	–
Interest paid		**(16.4)**	(2.5)	**–**	–
Tax paid		**(14.0)**	(10.2)	**–**	–
Discontinued operations		**–**	(0.5)	**–**	–
Net cash from operating activities		**142.3**	100.1	**(0.1)**	(0.1)
Cash flows from investing activities					
Purchase of intangible assets		**(18.0)**	(11.1)	**–**	–
Purchase of property, plant and equipment		**(32.7)**	(22.9)	**–**	–
Deferred consideration		**(2.3)**	–	**–**	–
Purchase of subsidiaries (net of cash acquired)	34	**(85.5)**	(24.2)	**–**	–
Proceeds from sale of investments		**5.6**	–	**–**	–
Net cash used in investing activities		**(132.9)**	(58.2)	**–**	–
Cash flows from financing activities					
Dividends paid to equity holders		**(32.4)**	(29.1)	**(32.4)**	(29.1)
Repayment of term loans		**(50.0)**	(50.0)	**–**	–
Repayment of acquired loans		**(2.5)**	–	**–**	–
Drawdown of term loans		**128.1**	50.0	**–**	–
Lease principal payments		**(37.1)**	(1.2)	**–**	–
Loan arrangement fees		**(2.9)**	–	**–**	–
Amounts received from subsidiaries		**–**	–	**32.5**	28.8
Net cash used in financing activities		**3.2**	(30.3)	**0.1**	(0.3)
Net increase (decrease) in cash, cash equivalents and bank overdrafts		**12.6**	11.6	**–**	(0.4)
Effect of exchange rate changes		**(0.2)**	(0.6)	**–**	–
Cash and cash equivalents at start of year		**58.7**	47.7	**–**	0.4
Cash and cash equivalents at end of year	27	**71.1**	58.7	**–**	–

1 General information and accounting policies

General information

The Rank Group Plc ("the Company") and its subsidiaries (together "the Group") operate gaming services in Great Britain (including the Channel Islands), Spain, Belgium and India.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in England and Wales under registration number 03140769. The address of its registered office is TOR, Saint-Cloud Way, Maidenhead, SL6 8BN.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and Company financial statements are set out below. These policies have been consistently applied to all periods presented, except where noted below.

1.1 Basis of preparation

The consolidated and Company financial statements have been prepared under the historical cost convention.

1.1.1 Statement of compliance

The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRIC Interpretations as adopted by the European Union, and the Companies Act 2006 applicable to companies reporting under IFRS.

1.1.2 Going concern

Based on the Group's cash flow forecasts and strategic plan, the directors believe that the Group and Company will generate sufficient cash to meet its liabilities as they fall due for at least 12 months from the approval of this report.

In adopting the going concern basis in preparing the financial information, the directors have considered the circumstances impacting the Group during the year as detailed in the operating review on pages 36 to 41, the three-year strategic plan (which was presented in May 2020 and then updated in August 2020) and have reviewed the Group's projected compliance with its banking covenants and access to funding options.

The directors consider, following their review, that there are two material uncertainties during the going concern period.

1. Forecasting uncertainty – a material uncertainty exists over future forecasts caused by the impact of the COVID-19 pandemic on consumer sentiment, government policy and the overall impact on consumer demand.

2. Covenant headroom in a downside scenario – a material uncertainty exists in relation to compliance with banking covenants at June 2021 should trading results fall short of management's base case scenario, and no remedy be secured through actions taken by management that are within their control, and no remedy be secured either through alternative funding or covenant waiver or other action, before the June 2021 covenant test date.

Accepting the two material uncertainties that may cast significant doubt over the Group's ability to continue as a going concern, relating to forecasting uncertainty and covenant headroom in a downside scenario, the board has a reasonable expectation that the Group is able to manage its business risks and to continue in operational existence for at least 12 months from the date of signing of the accounts. The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern. Key considerations are the assumptions on the timing of venues reopening and the levels of revenue achieved upon reopening in comparison to pre-COVID-19 levels. Management's assumptions, and the latest performance against those assumptions, are as follows:

	Assumption	Outcome to date
Grosvenor venues	Clubs reopen from 1 September 2020 with revenue levels at an average 60% of pre-COVID-19 levels until June 2021 improving to pre-COVID-19 levels by June 2023. The Group continues to receive Coronavirus Job Retention Scheme ("CJRS") support for c. 4,500 furloughed colleagues until reopening.	35 venues in England opened on 15 August 2020. Early indications from the first two weeks of trading are that revenue performance is broadly in-line with management's assumptions and therefore does not adversely impact management's forecast. From 7 September 2020 49 venues had reopened across the UK. Two venues remained closed due to local lockdown. One venue remains closed and the future of this club is under review. The potential trading outcome from this venue is marginal to the Group position and the venue is fully impaired as detailed in note 4 to the financial statements. The Group continues to utilise CJRS in respect of colleagues that remain on furlough.

1 General information and accounting policies (continued)

	Assumption	Outcome to date
Mecca venues	Venues reopen from 1 July 2020 with revenue at an average of 60% of pre-COVID-19 levels until June 2021 improving to pre-COVID-19 levels by June 2023. No further claims under the CJRS scheme from 1 July 2020.	35 venues in England opened on 4 July 2020, increasing to 72 venues across the UK by 26 August 2020. Revenue performance across this period averaged 70% of pre-COVID-19 levels and therefore does not adversely impact management's assumptions. Five venues remain closed and the future of these clubs is under review. The potential trading outcome from these venues is marginal to the Group position and all venues have been fully impaired as detailed in note 4 to the financial statements. The Group continues to utilise CJRS in respect of colleagues that remain on furlough.
Enracha venues	Venues reopen from 1 July 2020 with revenue at 50% of pre-COVID-19 levels until 30 June 2021 and improving to pre-COVID-19 levels by June 2023.	All venues opened by 22 June 2020 and have remained open, subject to short term localised lockdowns, which had only a marginal impact. The latest indication from the Spanish Government is that any further closures are likely to continue to be on a localised basis, rather than on a national scale. The aggregate performance of the venues from 1 July to 30 August 2020 is that revenue has achieved 65% of pre-COVID-19 levels, with gradual improvement through the period.
Casino Blankenberge	The casino opens on 1 July 2020 with revenue at 50% of pre-COVID-19 levels until 30 June 2021 and improving to pre-COVID-19 levels by June 2023.	The club reopened on 1 July 2020 with revenue in the period from 1 July to 30 August 2020 being in line with pre-COVID-19 levels.

The key base case assumptions on cost are substantially within management control and are as follows:

- Payroll costs are forecast at pre-COVID-19 levels, with offsets from the CJRS in line with the current scheme rules where applicable
- Rent due during the 2020/21 financial year is paid on time. Rent deferrals from the 2019/20 financial year are phased during and completed by the end of 2020/21
- All tax and duty is paid on time, with duty deferred from 2019/20 paid to HMRC by December 2020
- Capital expenditure is constrained to £30.0m, to cover all essential expenditure and to allow for some investment if circumstances allow
- Standard payment terms are assumed for supplier payments
- Allowance is made for one-off costs in relation to the Stride Integration programme and in the event that a small number of club closures are made

The base case contains certain discretionary costs within management control that could be reduced in the event of a revenue downturn. These include reductions to overheads, reduction to marketing costs, reductions to the venues' operating costs and further reductions to capital expenditure.

The key financing assumptions in the base case, within the going concern assessment period are that the Group continues to have access to the following committed facilities:

- Stride acquisition term loan of £128.1m which reduces to £108.4m in May 2021 due to a scheduled loan repayment
- Revolving credit facilities ("RCF") of £85.0m which reduce to £55.0m in September 2020 when a £30.0m facility expires

The plan also assumes that no additional funding is raised during the plan period. At the date of approval of the financial statements, the Stride term loan was fully drawn and £11.0m of RCF was drawn, with £74.0m of RCF undrawn.

In undertaking their assessment, the directors also reviewed the covenant calculations based on the Group's base case strategic plan, noting that the Group achieved its banking covenants at the 30 June 2020 test date. Through the combination of the venues being closed from late March 2020 until July/August 2020 and the assumptions made by management in its base case forecast, the Group anticipated breaching its banking covenants at the 31 December 2020 test date. Rank therefore renegotiated its banking covenants to temporarily replace the normal tests with a minimum liquidity test that is set at £50.0m and is tested quarterly in September and December 2020 and in March 2021 ("Revised Covenants"). Rank continues to support NatWest in the syndication of £39.0m of the

£128.1m term loan facility. The Group expects to meet the Revised Covenants and based on the strategic plan (as reassessed and updated in August 2020 as set out in the assumptions above) the Group expects to achieve its normal banking covenants at the 30 June 2021 test date when the testing reverts back to being on a 6-monthly basis, and at future testing dates during the plan period.

During the period from September 2020 to 30 June 2021 for which the Revised Covenants apply, Rank has agreed to certain restrictions. These are:

- To provide regular financial updates to the banks
- Not to make acquisitions in excess of £10.0m unless agreed by the banks
- Not to make disposals unless agreed by the banks
- Not to pay dividends or make other distributions to shareholders

Rank has the ability to exit the Revised Covenant period early, if it believes that it can meet its original banking covenants.

Sensitivity analysis

The base case strategic plan reflects the directors' best estimate of the future prospects of the business. A number of plausible but severe downside risks, including consideration of possible mitigating actions, have been modelled with particular focus on the potential impact to cash flows, cash headroom and covenant compliance throughout the period of review. The potential impact on the Group of a combination of scenarios over and above those included in the plan has also been tested. The main downside risk Is:

COVID-19 – Larger than anticipated disruption due to the pandemic. The downside case assumes local lockdowns cause temporary venues closures (i) reducing revenue by 20% below the base case from November 2020 to March 2021 and (ii) by 10% below the base case from April 2021 to March 2022. This assumption is based on the latest government approach at the date of approving the financial statements to continue with a trend of localised closures (as seen in Leicester, Greater Manchester and Aberdeen) rather than returning to full national lockdowns. Having modelled the downside case on this basis, the indication is that the Group would breach its banking covenants at the 30 June 2021 test date. In these circumstances, the Group would re-enter negotiations to revise its covenants further or seek additional financing or both. Furthermore, even though full national lockdowns are not at this time considered probable enough to model, if this were to happen again for a prolonged period, subject to further government support that may be offered, further funding would be required.

In the event of the downside scenario crystallising, waivers on banking covenants would need to be obtained in respect of the 30 June 2021 test date, but not at any of the later testing dates in the viability statement period.

The Group would seek to take mitigating actions within its control including but not limited to a reduction in capital expenditure, a reduction in overhead expenditure, securing additional funding and the closure of some venues. If actions within management control were not sufficient to offset the downside scenario, the Group would seek a covenant waiver at June 2021 from its banks.

1.1.3 Accounting estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

The following are the critical accounting judgements, apart from those involving estimates (which are dealt with separately below) that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Separately disclosed items ("SDIs")

The Group separately discloses certain costs and income that impair the visibility of the underlying performance and trends between periods. The separately disclosed items are material and infrequent in nature and/or do not relate to underlying business performance. Judgement is required in determining whether an item should be classified as an SDI or included within the underlying results.

Separately disclosed items include (but are not limited to):

- Amortisation of acquired intangible assets;
- Profit or loss on disposal of businesses;
- Acquisition and disposal costs including changes to deferred or contingent consideration;
- Impairment charges;
- Reversal of impairment charges;
- Restructuring costs as part of an announced programme;
- Retranslation and remeasurement of foreign currency contingent consideration;
- Discontinued operations; and
- Tax impact of all the above.

For a detailed explanation of the rationale for the change from exceptional items to SDIs, refer to 1.1.4(c) and for further detail of those items included as SDIs, refer to note 4.

1 General information and accounting policies (continued)

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of non-financial assets
Details of the Group's accounting policy in relation to impairments and impairment reversals are disclosed in note 1.13.

The application of the policy requires the use of accounting estimates in determining the recoverable amount of cash-generating units to which the goodwill, intangible assets right-of-use assets and property, plant and equipment are associated. The recoverable amount is the higher of the fair value less costs of disposal and value in use. Estimates of fair value less costs of disposal are performed internally by experienced senior management supported by knowledge of similar transactions and advice from external experts or, if applicable, offers received. Value in use is calculated using estimated cash flow projections from strategic plans and financial budgets, discounted by selecting an appropriate rate for each cash-generating unit.

In the current year, as a result of the COVID-19 pandemic, the Group has assessed the impact of incorporating an additional COVID-19 risk factor into the impairment testing of goodwill and non-current assets and included additional sensitivity analysis in the disclosures. The key judgement is the timing for the reopening of venues post lockdown and the impact on estimated future cashflows. With regards to the reopening of venues there were indicators of some uncertainty observable at the balance sheet date with regards to these launch plans, these have been factored into the Group's impairment calculations as at 30 June 2020. At 30 June 2020 balance sheet date, the UK was still starting to move out of the "lockdown" phase with the anticipated reopening of the majority of the Group's Mecca Venues on 4 July 2020. The date for casinos being permitted to reopen had not been announced at the point. Subsequently, casinos started to reopen from 15 August 2020. Further details of the assumptions, estimates and sensitivity are disclosed in note 13.

The Company also tests annually the carrying value of its investments in subsidiaries. The application of this policy requires the use of estimates and judgements in determining the recoverable amount of the subsidiary undertakings. The recoverable amount is determined by applying an estimated valuation multiple to budgeted future earnings and deducting estimated costs of disposal (fair value less costs of disposal) and/or by using discounted cash flows (value in use), along with consideration of the underlying net assets and market capitalisation and is disclosed in note 13. As for impairment testing of goodwill, intangible assets and property, plant and equipment, the Company has adjusted its estimates in relation to future earnings to reflect a COVID-19 risk factor relating to the reopening of venues.

(b) Determination of the fair values of intangible assets
The Group estimates the fair value of acquired intangible assets arising from business combinations by selecting and applying appropriate valuation methods. These include the relief from royalty and multi-period excess earnings valuation methods, both of which require significant estimates to be made. Examples include estimating expected cash flows and identifying appropriate royalty and discount rates. The fair value of each acquired intangible asset is amortised over the respective assets estimated useful life. The Group uses projected financial information together with comparable industry information as well as applying its own experience and knowledge of the industry in making such judgements and estimates. Where a third party is involved to determine the fair value of the acquired intangible assets, the key assumptions reviewed by the Group include cashflow projections, terminal growth rates and discount rates as well as a sensitivity analysis. The intangibles recognised in relation to the Stride acquisition are included in Note 34.

(c) Income taxes
The Group is subject to income taxes in numerous jurisdictions and as such requires judgments to be made as well as best estimates and assumptions.

Judgement must be applied in assessing the likely outcome of certain tax matters whose final outcome may not be determined for a number of years. These judgements are reassessed in each period until the outcome is finally determined through resolution with a tax authority and/or through a legal process. Differences arising from changes in judgement or from final resolution may be material and will be charged or credited to the Income Statement in the relevant period.

Within the Group's net tax liability of £1.1m (30 June 2019: £6.6m) are amounts of £0.6m (30 June 2019: £1.5m) that relate to uncertain tax positions. The Group evaluates uncertain items, where the tax judgement is subject to interpretation and remains to be agreed with the relevant tax authority. Provisions for uncertain items are made using an estimation of the most likely tax expected to be paid, based on a qualitative assessment of all relevant information. In assessing the appropriate provision for uncertain items, the Group considers progress made in discussions with tax authorities, expert advice on the likely outcome and recent developments in case law. Further details of income tax are disclosed in note 19.

1.1.4 Changes in accounting policy and disclosures

(a) Standards, amendments to and interpretations of existing standards adopted by the Group
The following accounting standards, interpretations, improvements and amendments have become applicable for the current period:

- Amendments to IFRS 3 Business Combinations
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 16 – Leases
- IFRIC 23 – Uncertainty over Income Tax Treatments

Other than IFRS 16 – Leases, which is discussed below, the Group has not been materially impacted by the adoption of any of the above standards and amendments and has not early adopted any standard, amendment or interpretation that was issued but is not yet effective.

(b) IFRS 16 – Leases
The Group has adopted IFRS 16 using the modified retrospective method. Consequently, IFRS 16 is adopted from 1 July 2019 and comparatives for the year ended 30 June 2019 have not been restated, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 July 2019.

Transitional and current year impact
On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.55%.

	£m
Operating lease commitments disclosed as at 30 June 2019	302.9
Impact of discounting using the lessee's incremental borrowing rate at the date of initial application	(45.0)
Subtotal	**257.9**
Finance lease liabilities already recognised as at 30 June 2019	7.2
Lease liability recognised as at 1 July 2019	**265.1**
Current lease liabilities	39.2
Non-current lease liabilities	225.9
Lease liability recognised as at 1 July 2019	**265.1**

Under the modified retrospective approach, the majority of associated right-of-use assets were measured as if IFRS 16 had always been applied. The remainder were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. This approach was used for these leases due to the practical complexities of restating the right-of-use assets as though IFRS 16 had always been applied, for example, due to a lack of available historic data, and/or lease specific complexities such as a large number of modifications and peppercorn rent.

The Group did not change the initial carrying amounts of the recognised assets and liabilities at the date of the initial application for leases previously classified as finance leases (i.e. the right of use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 July 2019 onwards.

The recognised right-of-use assets relate to property leases and fleet & machinery and amount to £188.0m and £145.1m as at 1 July 2019 and 30 June 2020 respectively. The effect of adopting IFRS 16 as at 1 July 2019 is as follows:

Assets	£m
Right-of-use assets*	184.6
Net investment in finance leases	5.5
Prepaid rent	(11.1)
Intangible assets	(1.9)
Deferred tax assets	(1.6)
Total assets	**175.5**
Liabilities	
Lease liabilities*	258.2
Onerous lease provisions	(30.2)
Rent accruals	(41.7)
Total liabilities	**186.3**
Total adjustment on equity:	
Retained earnings	**(10.8)**

* These balances exclude the impact of IAS 17 finance leases on transition since the Group as a lessee used the carrying amount of the lease asset and lease liability (£6.9m) immediately before the date of initial application on transition. There is no impact to retained earnings.

As at 30 June 2019, the onerous lease provision was £30.2m. The Group has taken the practical expedient to use this amount as an alternative to perform an impairment review. In the prior year accounts, it was disclosed that only £15.0m would be reallocated to the right-of-use asset as an impairment, representing only the rental payments. However, as at 1 July 2019, the Group reallocated the full onerous lease provision as an impairment against the right-of-use asset.

For the year ended 30 June 2020 operating profit increased by £7.8m, finance costs increased by £8.0m and finance income increased by £0.1m as a result of applying IFRS 16. The net impact was £0.1m of loss before tax. This is illustrated in the table below

	Operating Profit £m	Finance Costs £m	Finance Income £m	Profit Before Tax £m
Digital	0.1	(0.1)	–	–
Grosvenor Venues	4.2	(4.9)	–	(0.7)
Mecca Venues	3.3	(2.6)	0.1	0.8
International Venues	0.1	(0.2)	–	(0.1)
Central Costs	0.1	(0.2)	–	(0.1)
Total	**7.8**	**(8.0)**	**0.1**	**(0.1)**

Earnings per share was unchanged for the year ended 30 June 2020 as a result of the adoption of IFRS 16.

1 General information and accounting policies (continued)

Practical expedients applied as part of transitioning to IFRS 16

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 determining whether an arrangement contains a lease.
- the use of hindsight in determining the lease term where the contract contains options to extend the lease; and
- onerous lease provisions have been netted against the right-of-use asset balances at the initial application date.

(c) Standards, amendments to and interpretations of existing standards that are not yet effective

The Group and has not early adopted any standard, amendment or interpretation that was issued but is not yet effective.

(d) Separately disclosed items ("SDIs")

The Group has changed the adjusted results it discloses on its consolidated income statement in addition to the IFRS compliant measures. The presentation of the income statement has changed from "before exceptional items" and "exceptional items" in the prior year to "underlying" and "separately disclosed items" in the current year. The comparatives in the income statement have been restated to reflect this change.

SDIs are items that are material and infrequent in nature and/or do not relate to underlying business performance. They are effectively "exceptional items" as per the prior year plus other items that do not relate to underlying business performance. "Exceptional items" in the prior year were described as material non-recurring items. The change was made to provide more relevant information to the users of the accounts as the 'underlying' results more appropriately represent the underlying performance of the group, enable comparability between years and amongst peers within the industry, is in line with common practice and shows the underlying measures used to run the business. As a result of the change, the results for the year ended 30 June 2019 have been restated to include the reclassification of £3.2m of amortisation relating to the acquisition of QSB Gaming Limited and its subsidiaries ("YoBingo") from underlying to separately disclosed items within the Digital segment (see Note 4). The EPS impact of this restatement is to increase underlying EPS for the prior year from 14.8p to 15.3p.

1.2 Consolidation

The consolidated financial statements comprise the financial statements of the parent and its subsidiaries as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has a) power over the investee, b) exposure, or rights, to variable returns from the investee, and c) ability to use its power to affect those returns. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies as applied to subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group has no material associates.

1.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at the acquisition date and represents the aggregate fair value of assets transferred and liabilities incurred.

Amounts payable in respect of deferred or contingent consideration are recognised at fair value at the acquisition date and included in consideration transferred. The subsequent unwind of any discount is recognised as a separately disclosed item in finance cost in the income statement. Changes in the fair value of contingent consideration recognised as a financial liability that qualify as measurement period adjustments (being 12 months from the acquisition date) are adjusted retrospectively, with corresponding adjustments against goodwill. Material changes that do not qualify as measurement period adjustments are recognised as a separately disclosed item in the income statement.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition date fair value of the consideration transferred over the fair value of the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. Identifiable intangible assets are recognised separately from goodwill.

If the aggregate of the acquisition date fair value of the consideration transferred is lower than the fair value of the assets, liabilities and contingent liabilities in the business acquired, the difference is recognised through profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Acquisition costs incurred are expensed as a separately disclosed items item.

1.4 Revenue recognition

Revenue consists of the fair value of sales of goods and services net of VAT, rebates and discounts.

The fair value of free bets, promotions and customer bonuses ('customer incentives') are also deducted from appropriate revenue streams.

Following a review of the Group's Alternative Performance Measures, the Group no longer discloses revenue before adjustment for customer incentives as this is not considered to be a key Alternative Performance Measure.

(a) Gaming win – Casino
Revenue for casinos includes gaming win before deduction of gaming-related duties. Although disclosed as revenue, gaming win – casino is accounted for and meets the definition of a gain under IFRS 9 "Financial Instruments". Gaming revenue includes gains and losses arising where customers play against the house. Due to the nature of the transaction, the amount of the payment the Group may be obliged to pay to the customer is uncertain. The financial instrument is therefore a derivative and is initially recognised at fair value and subsequently remeasured to fair value with changes in fair value recorded in profit and loss. The initial fair value is generally the amount staked by the customer and includes adjustment for customer incentives, such as free bets, promotions and customer bonuses, where applicable. The instrument is subsequently remeasured when the result of the transaction is known and the amount payable is confirmed. This movement may be a gain or a loss. Gains and losses are offset on the basis that they arise from similar transactions. Such gains and losses are recorded in revenue.

(b) Gaming win – Bingo, Gaming win – Poker, Gaming win – Rummy, Food and Beverage and Other
Revenue for bingo is net of customer contribution to prizes but gross of company contributed prizes. It is net of any VAT but before deduction of gaming-related duties. Revenue for poker represents the rake received. Revenue for digital products, including interactive games, represents gaming win before deduction of gaming-related duties. The Group's income earned from the above items is recognised when control of the goods or services are transferred to the customer and is within the scope of IFRS 15.

1.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management team (the composition of which is disclosed on pages 80 and 81), which makes strategic and operational decisions.

The Group reports five segments: Digital, Grosvenor Venues, Mecca Venues, International Venues and Central Costs. The prior period comparative information has been restated to assist with comparability.

- UK Digital, Enracha Digital, YoBingo and Stride is a single operating segment which is known as Digital,
- Enracha Venues and our Belgium casino operate as International Venues segment,
- Grosvenor venues cover all UK retail casino sites, and
- Mecca venues covers all UK bingo halls

1.6 Foreign currency translation

The consolidated financial statements are presented in UK sterling, which is also the Company's functional currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

(a) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement in finance costs or income.

(b) Group companies
The results and financial position of all the Group companies (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate on the balance sheet date. The closing euro rate against UK sterling was 1.11 (30 June 2019: 1.13) and the closing US dollar rate against UK sterling was 1.27 (30 June 2019: 1.32);

1 General information and accounting policies (continued)

(ii) Income and expenses for each income statement are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the dates of the transactions. The average euro rate against UK sterling was 1.13 (year ended 30 June 2019: 1.13) and the average US dollar rate against UK sterling in the year was 1.29 (year ended 30 June 2019: 1.35); and

(iii) All resulting exchange differences are recognised as a separate component of equity.

When a foreign operation is sold, such exchange differences are recognised in the income statement, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.7 Financial assets

Financial assets within the scope of IFRS 9 are classified as financial assets at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss

(a) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify its non-listed equity investments under this category.

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party.

1.8 Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

The subsequent measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

(b) Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

(c) Financial guarantee contracts (Company only)
Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are initially measured at fair value by applying the estimated probability of default to the cash outflow should default occur and subsequently amortising over the expected length of the guarantee, to the extent that the guarantee is not expected to be called. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date or the amount recognised less cumulative amortisation.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.9 Leases

The Group leases various properties and equipment. Rental contracts are made for various fixed periods ranging up to 94 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 30 June 2019 all leases were classified as either finance or operating leases. Payments made under operating leases were charged to the income statement on a straight-line basis over the period of the lease. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities, where applicable, include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Variable lease payments that are not based on an index or a rate are not part of the lease liability, but they are recognised in the income statement when the event or condition that triggers those payments occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets, where applicable, are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

The depreciation period for the right-of-use asset is from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset, as follows:

- Land and buildings up to 36 years
- Fleet and machines up to 5 years

1 General information and accounting policies (continued)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group as a lessee.

1.10 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events if it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the best estimate of the expenditures required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

1.11 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and impairment. Such cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on assets using the straight-line method to allocate their cost less residual values over their estimated useful lives, as follows:

• Freehold and leasehold property	50 years or lease term if less
• Refurbishment of property	5 to 20 years or lease term
• Fixtures, fittings, plant and machinery	3 to 20 years

Land is not depreciated.

Residual values and useful lives are reviewed at each balance sheet date, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

Pre-opening costs are expensed to the income statement as incurred.

1.12 Intangible assets

(a) Goodwill
Goodwill represents the excess of the fair value of the consideration transferred over the fair value of the Group's share of the net identifiable assets less the liabilities assumed at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and is allocated to the relevant cash-generating unit or group of cash-generating units for the purpose of impairment testing. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows, that are largely independent of the cash inflows from other assets or groups of assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(b) Casino and other gaming licences and concessions
The Group capitalises acquired casino and other gaming licences and concessions. Management believes that casino and other gaming licences have indefinite lives as there is no foreseeable limit to the period over which the licences are expected to generate net cash inflows and each licence holds a value outside the property in which it resides. Each licence is reviewed annually for impairment.

In respect of the concession in Belgium, the carrying value is amortised over the expected useful life of the concession.

(c) Software and development
Costs that are directly associated with the production and development of identifiable and unique software products controlled by the Group, and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets for both externally purchased and internally developed software. Direct costs include specific employee costs for software development.

Software acquired as part of a business combination is recognised at fair value at the date of acquisition.

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

(d) Brands
Represents the fair value of brands and trade-mark assets acquired in business combinations at the acquisition date.

(e) Customer relationships
Represents the fair value of customer relations acquired in business combinations at the acquisition date.

(f) Property contracts
Represents the fair value of favourable property contracts acquired in business combinations at the acquisition date.

Amortisation is recognised on a straight-line basis over the estimated useful life of intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

• Casino and other gaming licences	Indefinite
• Casino concession	Concession term
• Software and development	3 to 5 years
• Brands	10 years
• Customer relationships	4 years
• Property contracts	Lease term

1.13 Impairment of intangible assets and property, plant and equipment

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or where they indicate a previously recognised impairment may no longer be required.

An impairment loss is recognised as the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the groups of assets.

If an impairment loss is recognised, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense in the income statement immediately.

Any impairment is allocated pro-rata across all assets in a cash-generating unit unless there is an indication that a class of asset should be impaired in the first instance or a fair market value exists for one or more assets. Once an asset has been written down to its fair value less costs of disposal then any remaining impairment is allocated equally amongst all other assets.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. Reversals are allocated pro-rata across all assets in the cash-generating unit unless there is an indication that a class of asset should be reversed in the first instance or a fair market value exists for one or more assets. A reversal of an impairment loss is recognised in the income statement immediately.

An impairment loss recognised for goodwill is never reversed in subsequent periods.

1.14 Employee benefit costs

(a) Pension obligations
The Group operates a defined contribution plan under which the Group pays fixed contributions to a separate entity. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

The Group also has an unfunded pension commitment relating to three former executives of the Group. The amount recognised in the balance sheet in respect of the commitment is the present value of the obligation at the balance sheet date, together with adjustment for actuarial gains or losses. The Group recognises actuarial gains and losses immediately in the statement of other comprehensive income. The interest cost arising on the commitment is recognised in net finance costs.

(b) Share-based compensation
The cost of equity-settled transactions with employees for awards is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

1 General information and accounting policies (continued)

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally, regardless of whether the entity or the employee cancels the award.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(c) Share-based compensation – Company
The Company operates share-based payment schemes for employees of the Company and its subsidiaries. The fair value of shares awarded to employees of the Company is recognised as an employee expense with a corresponding increase in equity. The Company also makes awards of its own shares to employees of its subsidiaries and as such recognises an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its subsidiaries' financial statements, with the corresponding credit being recognised directly in equity.

(d) Bonus plans
The Group recognises a liability in respect of the best estimate of bonuses payable where contractually obliged to do so or where a past practice has created a constructive obligation.

1.15 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventory is determined on a "first-in, first-out" basis.

The cost of finished goods comprises goods purchased for resale.

Net realisable value is the estimated selling price in the ordinary course of business. When necessary, provision is made for obsolete and slow-moving inventories.

1.16 Taxation

(a) Current tax
Current tax assets and liabilities for the current and prior periods are measured as the amount expected to be paid or to be recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

Current tax relating to items recognised directly in equity is recognised in equity and not the income statement.

Management evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation at each reporting date and establishes provisions where appropriate.

(b) Deferred tax
Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if deferred tax arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Sales tax
Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- for receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

1.17 Share capital

Ordinary shares are classified as equity.

1.18 Dividends

Dividends proposed by the board of directors and unpaid at the period end are not recognised in the financial statements until they have been approved by shareholders at the annual general meeting. Interim dividends are recognised when paid.

1.19 Separately disclosed items

The Group separately discloses those items which are required to give a full understanding of the Group's financial performance and aid comparability of the Group's result between periods. Such items are considered by the directors to require separate disclosure due to their size or nature in relation to the Group.

1.20 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

2 Segmental reporting

a) Segment information – operating segments

	Year ended 30 June 2020					
	Digital £m	Grosvenor Venues £m	Mecca Venues £m	International Venues £m	Central Costs £m	Total £m
Continuing operations						
Revenue	196.2	275.9	130.7	35.3	–	638.1
Other operating income	0.2	19.3	7.8	0.8	0.9	29.0
Underlying operating profit (loss)	28.7	40.2	6.0	5.3	(29.1)	51.1
Separately disclosed items	(10.9)	(7.4)	(0.4)	(8.6)	(0.3)	(27.6)
Segment result	17.8	32.8	5.6	(3.3)	(29.4)	23.5
Finance costs						(13.8)
Finance income						0.6
Other financial gains						5.1
Profit before taxation						15.4
Taxation						(6.0)
Profit for the year from continuing operations						9.4
Other segment items – continuing operations						
Capital expenditure	(15.3)	(25.7)	(3.8)	(2.0)	(3.9)	(50.7)
Depreciation and amortisation	(11.0)	(31.8)	(23.9)	(2.9)	(5.9)	(75.5)
Separately disclosed items						
Impairment charges	–	(13.9)	(15.7)	(8.3)	–	(37.9)
Profit on disposal of venues	–	–	1.8	–	–	1.8
Profit on disposal of investment	–	–	–	–	2.1	2.1
Acquisition related costs	–	–	–	–	(1.4)	(1.4)
Integration costs	(1.3)			(0.3)	(1.0)	(2.6)
Pay provision	–	2.9	2.0	–	–	4.9
VAT claim	–	3.6	21.7	–	–	25.3
Amortisation of acquired intangible assets	(9.6)	–	–	–	–	(9.6)
Property related provisions	–	–	(10.2)	–	–	(10.2)

	Year ended 30 June 2019					
	Digital £m	Grosvenor Venues £m	Mecca Venues £m	International Venues £m	Central Costs £m	Total £m
Continuing operations						
Revenue	118.5	338.2	193.5	44.9	–	695.1
Underlying operating profit (loss)	23.9	44.9	28.6	9.3	(31.0)	75.7
Separately disclosed items	(3.7)	(21.5)	(5.0)	(0.1)	(6.4)	(36.7)
Segment result	20.2	23.4	23.6	9.2	(37.4)	39.0
Finance costs						(4.3)
Finance income						0.1
Other financial losses						(0.2)
Profit before taxation						34.6
Taxation						(7.0)
Profit for the year from continuing operations						27.6
Other segment items – continuing operations						
Capital expenditure	(7.7)	(13.2)	(5.5)	(1.6)	(6.0)	(34.0)
Depreciation and amortisation	(5.6)	(19.1)	(10.5)	(2.7)	(4.1)	(42.0)
Separately disclosed items						
Impairment charges	(0.4)	(10.7)	–	–	–	(11.1)
Acquisition related costs	–	–	–	–	(2.2)	(2.2)
Pay provision	–	(5.0)	(3.0)	–	–	(8.0)
Amortisation of acquired intangible asset	(3.2)	–	–	–	–	(3.2)
Property related provisions	–	0.3	(1.8)	0.2	(0.1)	(1.4)
Business transformation costs	(0.1)	(6.1)	(0.2)	(0.3)	(4.1)	(10.8)

The Group reports segmental information on the basis by which the chief operating decision-maker utilises internal reporting within the business.

Results for the year ended 30 June 2020 include the acquisition of Stride Gaming plc ("Stride") from 4 October 2019 within the Digital segment.

Other operating income for the year ended 30 June 2020 related to government grants received from reimbursement of employee costs relating to staff furloughed due to COVID-19 under the Coronavirus Job Retention Scheme.

Results for the year ended 30 June 2019 include the reclassification of £3.2m of amortisation relating to the acquisition of QSB Gaming Limited and its subsidiaries ("YoBingo") from underlying to separately disclosed items within the Digital segment.

The Group no longer discloses revenue before adjustment for customer incentives in line with the changes documented in note 1.

Assets and liabilities have not been segmented as this information is not provided to the chief operating decision-maker on a regular basis.

Capital expenditure comprises cash expenditure on property, plant and equipment and other intangible assets.

2 Segmental reporting (continued)

b) Geographical information

The Group operates in three main geographical areas (UK, Continental Europe and Rest of World).

i) Revenue from external customers by geographical area based on location of customer

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
UK	**582.2**	636.3
Continental Europe	**51.5**	58.8
Rest of World	**4.4**	–
Total revenue	**638.1**	695.1

ii) Non-current assets by geographical area based on location of assets

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
UK	**598.1**	535.8
Continental Europe	**75.4**	81.2
Total non-current assets	**673.5**	617.0

With the exception of the UK no individual country contributed more than 15% of consolidated sales or assets.

c) Total revenue and profit from continuing operations

		Revenue		Profit	
	Note	**Year ended 30 June 2020 £m**	Year ended 30 June 2019 £m	**Year ended 30 June 2020 £m**	Year ended 30 June 2019 £m
From continuing operations		**638.1**	695.1	**9.4**	27.6
From discontinued operations	4	**–**	–	**–**	1.5
		638.1	695.1	**9.4**	29.1

d) Total revenue by income stream

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Revenue recognised under IFRS9		
Gaming win – Casino	**502.8**	554.3
Revenue recognised under IFRS15		
Gaming win – Bingo	**78.7**	70.1
Gaming win – Poker	**12.7**	15.5
Gaming win – Rummy	**4.4**	–
Food and Beverage	**35.0**	49.3
Other	**4.5**	5.9
Total revenue recognised under IFRS15	**135.3**	140.8
Total revenue	**638.1**	695.1

“Gaming win – Casino” is recognised in accordance with IFRS9 – financial instruments and all other revenue is recognised in accordance with IFRS15 – revenue from contract with customers.

e) Total cost analysis by segment

To increase transparency, the Group has decided to include additional disclosure analysing total costs by type and segment. A reconciliation of total costs, before separately disclosed items, by type and segment is as follows:

	Year ended 30 June 2020					
	Digital £m	**Grosvenor Venues £m**	**Mecca Venues £m**	**International Venues £m**	**Central Costs £m**	**Total £m**
Employment and related costs	**22.0**	**109.3**	**45.1**	**17.4**	**18.1**	**211.9**
Taxes and duties	**44.3**	**61.5**	**23.8**	**3.3**	**1.4**	**134.3**
Direct costs	**47.6**	**20.8**	**15.1**	**1.9**	**–**	**85.4**
Property costs	**1.0**	**10.1**	**6.5**	**1.5**	**0.5**	**19.6**
Marketing	**34.7**	**9.6**	**5.5**	**1.7**	**–**	**51.5**
Depreciation and amortisation	**11.0**	**31.8**	**23.9**	**2.9**	**5.9**	**75.5**
Other	**7.1**	**11.9**	**12.6**	**2.1**	**4.1**	**37.8**
Total costs before separately disclosed items	**167.7**	**255.0**	**132.5**	**30.8**	**30.0**	**616.0**
Cost of sales						**365.5**
Operating costs						**250.5**
Total costs before separately disclosed items						**616.0**

	Year ended 30 June 2019					
	Digital £m	Grosvenor Venues £m	Mecca Venues £m	International Venues £m	Central Costs £m	Total £m
Employment and related costs	15.9	120.0	49.0	19.0	19.6	223.5
Taxes and duties	23.7	73.0	32.4	3.7	1.9	134.7
Direct costs	32.3	25.1	21.7	3.3	–	82.4
Property costs	0.7	29.1	26.4	2.2	1.5	59.9
Marketing	11.6	12.1	7.6	2.5	–	33.8
Depreciation and amortisation	5.6	19.1	10.5	2.7	4.1	42.0
Other	4.8	14.9	17.3	2.2	3.9	43.1
Total costs before separately disclosed items	94.6	293.3	164.9	35.6	31.0	619.4
Cost of sales						378.2
Operating costs						241.2
Total costs before separately disclosed items						619.4

The Group reports segmental information on the basis by which the chief operating decision-maker utilises internal reporting within the business.

Results for the year ended 30 June 2020 include the acquisition of Stride Gaming plc ("Stride") from 4 October 2019 within the Digital segment.

Results for the year ended 30 June 2019 include the reclassification of £3.2m of amortisation relating to the acquisition of QSB Gaming Limited and its subsidiaries ("YoBingo") from underlying to separately disclosed items within the Digital segment.

3 Profit for the year – analysis by nature

The following items have been charged (credited) in arriving at the profit for the year before financing and taxation from continuing operations:

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Employee benefit expense	**191.1**	201.3
Cost of inventories recognised as expense	**21.5**	29.7
Amortisation of intangibles	**14.2**	10.3
Depreciation		
• owned assets (including £30.0m (year ended 30 June 2019: £28.2m) within cost of sales)	**30.0**	30.6
• under finance leases (included within cost of sales)	**–**	1.1
• right-of-use assets (included within cost of sales)	**31.3**	–
Operating lease rentals payable		
• minimum lease payments	**–**	47.9
• sub-lease income	**0.1**	(3.2)
Loss on disposal of property, plant and equipment	**–**	0.2
Gain on surrender of finance lease	**–**	(0.3)
Impairment of property, plant and equipment	**–**	0.3
Assets written off	**1.0**	–
Separately disclosed items – operating costs (see note 4)	**27.6**	36.7
Auditors' remuneration for audit services	**1.0**	0.5

In the year, the Group's auditors, Ernst & Young LLP, including its network firms, earned the following fees:

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Audit services		
• Fees payable to the Company's auditor for the parent company and consolidated financial statements	**0.9**	0.4
Other services		
Fees payable to the Company's auditor and its associates for other services:		
• the audit of the Company's subsidiaries pursuant to legislation	**0.1**	0.1
• other services	**–**	0.1
	1.0	0.6

£29,000 (year ended 30 June 2019: £26,000) of the audit fees related to the parent company.

It is the Group's policy to balance the need to maintain auditor independence with the benefit of taking advice from the leading firm in the area concerned and the desirability of being efficient.

4 Separately disclosed items

	Note	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Continuing operations			
Impairment charges	10,11,12,13	**(37.9)**	(11.1)
Profit on disposal of venues		**1.8**	–
Profit on disposal of investments		**2.1**	–
Acquisition related costs		**(1.4)**	(2.2)
Integration costs		**(2.6)**	–
Pay provision	23	**4.9**	(8.0)
VAT claim		**25.3**	–
Amortisation of acquired intangible assets		**(9.6)**	(3.2)
Property related provisions		**(10.2)**	(1.4)
Business transformation costs		**–**	(10.8)
Separately disclosed items*		**(27.6)**	(36.7)
Finance costs	5	**–**	(1.6)
Other financial gains	5	**5.3**	–
Taxation	6	**4.6**	6.1
Separately disclosed items relating to continuing operations		**(17.7)**	(32.2)
Separately disclosed items relating to discontinued operations			
Taxation	6	**–**	1.5
Separately disclosed items relating to discontinued operations		**–**	1.5
Total separately disclosed items		**(17.7)**	(30.7)

* It is Group policy to reverse separately disclosed items in the same line as they were originally recognised.

As explained in Note 1, the results for the year ended 30 June 2019 have been restated to include the reclassification of £3.2m of amortisation relating to the acquisition of QSB Gaming Limited and its subsidiaries (“YoBingo”) from underlying to separately disclosed items. The following items have been identified as separately disclosed items in the current year:

Impairment charges

Following the closure of venues as a result of the COVID-19 outbreak, the group recognised impairment charges of £13.9m relating to five venues within Grosvenor Venues, £15.7m relating to 41 venues in Mecca Venues and £8.3m relating to five venues in International Venues. These non-cash charges are material and not expected to occur every year and as such have been disclosed separately to allow comparability between periods and to reflect the underlying performance of the business. In the prior year, the Group recognised impairment charges of £11.1m, of which £10.7m related to five venues within Grosvenor Casinos.

Profit on disposal of venues

The Group recognised a net credit of £1.8m as a result of the sale of five venues from Mecca Venues. Such profits are not expected to occur every year and as such it has been excluded from the underlying results.

Profit on disposal of investments

During the year the Group sold its investment in Bede for cash consideration of £5.6m and a profit of £2.1m. Such profits are not expected to occur every year and as such it has been excluded from the underlying results.

Acquisition related costs

Fees and directly associated costs of potential or actual acquisitions are charged to the income statement. As such items are material, infrequent and not considered to be part of the underlying business, they are excluded from the underlying performance of the Group. In the year there were £1.4m (2019: £2.2m) of one-off costs relating to the acquisition of Stride totalling £3.6m across current and prior year.

4 Separately disclosed items (continued)

Integration costs

One-off fees and directly associated costs with the integration of business acquisitions are charged to the income statement. Such items are material, infrequent in nature and are not considered to be part of the underlying business performance. As such, costs of £2.6m have been excluded from underlying operating results of the Group.

Pay provision

In the year ended 30th June 2019, the Group made a £8.0m provision for the ongoing HMRC investigation into breaches of the National Minimum Wage regulations. The Group reached agreement with HMRC in early 2020 for total costs of £3.1m resulting in a provision release of £4.9m. All costs have been settled. As these are material, infrequent items and do not form part of the underlying business performance, they are removed from the underlying results.

VAT claim

During the year, the Group successfully concluded the legal process to reclaim VAT paid on slot machines between 2002 and 2005. The total amount recognised of £25.3m is the VAT claim of £25.2m plus protective VAT assessment of £1.0m offset by advisor fees of £0.9m. A further £5.0m is recognised as a separately disclosed item within net financing income. These have been removed from underlying operating results as they are material, infrequent in nature and do not represent underlying performance.

Amortisation of acquired intangible assets

Acquired intangible assets are amortised over the life of the assets with the charge being included in the Group's reported amortisation expense. Given these charges are material and non-cash in nature, the Group's underlying results have been adjusted to exclude the amortisation expense of £9.6m (2019: £3.2m) relating to the acquired intangible assets of Stride and YoBingo.

Property related provision

As a result of the COVID-19 lockdown, the Group has determined it is now probable that they will be required to make payments under a property arrangement for which the liability will revert to the Group if the tenant defaults. A provision of £10.2m has been recognised, being the present value of the amount expected to be paid over the remaining term of the lease. This is a material, one-off provision and as such has been excluded from underlying results. In the prior year, the Group recognised a charge of £1.4m in relation to onerous lease provisions which has been included within separately disclosed items.

Business transformation costs

This is a multi-year change programme for the Group focussed around revenue growth, cost savings/efficiencies and ensuring the key enablers, including organisational capability, core technology and key processes and systems are in place. The transformation programme started in January 2019 and was expected to last 3 years. This timeframe is being revisited in light of COVID-19. The multi-year change programme is a material, infrequent programme and is not considered to be part of the underlying business performance. As such, costs are excluded from the underlying performance of the Group. No costs were incurred in the current year due to COVID-19 but costs of £10.8m are shown as a separately disclosed item in the prior year.

Finance income/costs and other finance losses and gains relating to specific items

Those finance charges or credits associated with (1) VAT claims and (2) revaluation and retranslation of foreign currency denominated contingent consideration are material and considered to relate to liabilities that are not part of the underlying performance of the business. The Groups underlying results have therefore been adjusted to remove these items. In the year, £5.0m of finance income relates to interest on the successful VAT claim and £0.3m relates to foreign exchange gains on the remeasurement of contingent consideration. In the prior year, £1.6m relating to the revaluation and retranslation of contingent consideration was separately disclosed.

The related tax impact of all of the above items is also not considered to be part of the underlying operations of the Group.

Discontinued operations

In the prior year, the £1.5m credit in respect of discontinued operations relates to the release of excess provisions for potential tax liabilities attributable to disposed entities with historic tax audits. The provisions were released following payments made during in the prior year to settle the outstanding issues with the relevant tax authorities.

5 Financing

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Continuing operations		
Finance costs:		
Interest on debt and borrowings[1]	**(3.7)**	(1.4)
Amortisation of issue costs on borrowings[1]	**(1.2)**	(0.3)
Interest payable on leases	**(8.9)**	(0.5)
Unwinding of discount in property lease provisions	**–**	(0.5)
Total finance costs	**(13.8)**	(2.7)
Finance income:		
Interest income on net investments in leases	**0.1**	–
Interest income on short-term bank deposits[1]	**0.5**	0.1
Total finance income	**0.6**	0.1
Other financial losses	**(0.2)**	(0.2)
Total net financing charge before separately disclosed items	**(13.4)**	(2.8)
Separately disclosed items – finance costs	**–**	(1.6)
Separately disclosed items – other financial gains	**5.3**	–
Total net financing charge	**(8.1)**	(4.4)

1. calculated using the effective interest method.

Other financial losses include foreign exchange losses on loans and borrowings.

Separately disclosed items – other financial gains at year ended 30 June 2020 includes £5.0m interest income received from the successful VAT claim and £0.3m of gains recognised on contingent consideration payable as a result of the acquisition of QSB Gaming Limited (“YoBingo”).

Separately disclosed items – finance costs at year ended 30 June 2019 includes interest recognised and foreign exchange loss on contingent and deferred consideration payable as a result of the acquisition of QSB Gaming Limited (“YoBingo”).

6 Taxation

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Current income tax		
Current income tax – UK	**(4.2)**	(10.6)
Current income tax – overseas	**(3.3)**	(4.6)
Current income tax on separately disclosed items	**(1.3)**	3.3
Amounts over provided in previous period	**0.6**	2.8
Amounts over provided in previous period on discontinued operations	**–**	1.5
Total current income tax charge	**(8.2)**	(7.6)
Deferred tax		
Deferred tax – UK	**(1.2)**	(0.4)
Deferred tax – overseas	**0.1**	0.2
Restatement of deferred tax due to rate change	**(2.4)**	–
Deferred tax on separately disclosed items	**5.9**	2.8
Amounts under provided in previous period	**(0.2)**	(0.5)
Total deferred tax credit (note 22)	**2.2**	2.1
Tax charge in the income statement	**(6.0)**	(5.5)

The tax on the Group's profit before taxation differs from the standard rate of UK corporation tax in the period of 19.00% (year ended 30 June 2019: 19.00%). The differences are explained below:

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Profit before taxation on continuing operations	**15.4**	34.6
Tax charge calculated at 19.00% on profit before taxation (year ended 30 June 2019: 19.00%)	**(3.0)**	(6.6)
Effects of:		
Expenses not deductible for tax purposes	**(0.9)**	(2.8)
Difference in overseas tax rates	**0.1**	0.1
Restatement of deferred tax due to rate change	**(2.4)**	–
Adjustments relating to prior periods	**0.4**	3.8
Deferred tax not recognised	**(0.2)**	–
Tax charge in the income statement	**(6.0)**	(5.5)

Tax on separately disclosed items

The taxation impacts of separately disclosed items are disclosed below:

	Year ended 30 June 2020			Year ended 30 June 2019		
	Current income tax £m	**Deferred tax £m**	**Total £m**	Current income tax £m	Deferred tax £m	Total £m
Impairment charges	**2.4**	**5.0**	**7.4**	0.1	1.7	1.8
Profit on disposal of venues	**–**	**(0.2)**	**(0.2)**	–	–	–
Integration costs	**0.4**	**–**	**0.4**	–	–	–
Pay provision	**(0.2)**	**–**	**(0.2)**	0.8	–	0.8
VAT claim	**(4.8)**	**–**	**(4.8)**	–	–	–
Amortisation of acquired intangible assets	**–**	**1.1**	**1.1**	–	1.1	1.1
Property related provisions	**1.9**	**–**	**1.9**	0.3	–	0.3
Business transformation costs	**–**	**–**	**–**	2.0	–	2.0
Finance costs and other financial gains	**(1.0)**	**–**	**(1.0)**	0.1	–	0.1
Tax credit on separately disclosed items	**(1.3)**	**5.9**	**4.6**	3.3	2.8	6.1

Tax effect of items within the statement of changes in equity

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Deferred tax charge on employee share schemes	**(0.1)**	(0.1)
Deferred tax charge on adoption of IFRS 16 Leases	**(1.6)**	–
Total tax charge on items within the statement of changes in equity	**(1.7)**	(0.1)

Tax effect of items within other comprehensive income

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Current income tax credit on exchange movements offset in reserves	**0.1**	0.1
Total tax credit on items within other comprehensive income	**0.1**	0.1

Factors affecting future taxation

UK corporation tax is calculated at 19.00% (year ended 30 June 2019: 19.00%) of the estimated assessable profit for the period. Taxation for overseas operations is calculated at the local prevailing rates.

On 8 July 2015, the Chancellor of the Exchequer announced the reduction in the main rate of UK corporation tax to 19.00% for the year starting 1 April 2017 and a further 1.00% reduction to 18.00% from 1 April 2020.

On 16 March 2016, the Chancellor of the Exchequer announced a further 1.00% reduction to the previously announced 18.00% main rate of UK corporation tax to 17.00% from 1 April 2020.

On 11 March 2020, the Chancellor of the Exchequer announced that the proposed reduction in the main rate of UK corporation tax rate to 17.00% from 1 April 2020 will no longer be taking place and instead the main rate of UK corporation tax will remain at 19.00%. This change was substantively enacted on 17 March 2020.

On 26 July 2017, the Belgian Government announced the reduction in the corporation tax rate in Belgium from 33.99% to 29.58% for financial years beginning in 2018 and to 25.00% for financial years beginning in 2020 and onwards. These changes were substantively enacted in December 2017.

The rate reductions will reduce the amount of cash tax payments to be made by the Group.

7 Results attributable to the parent company

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the parent company income statement. The loss for the year ended 30 June 2020 for the Company was £11.3m (year ended 30 June 2019: loss of £7.5m). The loss includes receipt of a dividend of £nil (year ended 30 June 2019: £nil) and a net impairment charge of £nil (year ended 30 June 2019: £nil) in respect of its investment in subsidiary undertakings. Further details are provided in note 14.

8 Dividends paid to equity holders

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Final dividend for 2017/18 paid on 30 October 2018 – 5.30p per share	**–**	20.7
Interim dividend for 2018/19 paid on 14 March 2019 – 2.15p per share	**–**	8.4
Final dividend for 2018/19 paid on 29 October 2019 – 5.50p per share	**21.5**	–
Interim dividend for 2019/20 paid on 13 March 2020 – 2.80p per share	**10.9**	–
Dividends paid to equity holders	**32.4**	29.1

No final dividend in respect of the year ended 30 June 2020 will be recommended at the annual general meeting on 11 November 2020.

9 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year.

	Year ended 30 June 2020			Year ended 30 June 2019		
	Underlying	**Separately disclosed items**	**Total**	Underlying	Separately disclosed items	Total
Profit (loss) attributable to equity shareholders						
Continuing operations	**£27.5m**	**£(17.7)m**	**£9.8m**	£59.8m	£(32.2)m	£27.6m
Discontinued operations	**–**	**–**	**–**	–	£1.5m	£1.5m
Total	**£27.5m**	**£(17.7)m**	**£9.8m**	£59.8m	£(30.7)m	£29.1m
Weighted average number of ordinary shares in issue	**390.7m**	**390.7m**	**390.7m**	390.7m	390.7m	390.7m
Basic earnings (loss) per share						
Continuing operations	**7.0p**	**(4.5)p**	**2.5p**	15.3p	(8.2)p	7.1p
Discontinued operations	**–**	**–**	**–**	–	0.3p	0.3p
Total	**7.0p**	**(4.5)p**	**2.5p**	15.3p	(7.9)p	7.4p

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares.

	Year ended 30 June 2020			Year ended 30 June 2019		
	Underlying	**Separately disclosed items**	**Total**	Underlying	Separately disclosed items	Total
Weighted average number of ordinary shares in issue	**390.7m**	**390.7m**	**390.7m**	390.7m	390.7m	390.7m
Effect of dilutive potential ordinary shares – share awards	**–**	**–**	**–**	£0.1m	£0.1m	£0.1m
Number of shares used for fully diluted earnings per share	**390.7m**	**390.7m**	**390.7m**	390.8m	390.8m	390.8m
Basic earnings (loss) per share						
Continuing operations	**7.0p**	**(4.5)p**	**2.5p**	15.3p	(8.2)p	7.1p
Discontinued operations	**–**	**–**	**–**	–	0.3p	0.3p
Total	**7.0p**	**(4.5)p**	**2.5p**	15.3p	(7.9)p	7.4p

10 Intangible assets

Group		Goodwill £m	Casino and other gaming licences and concessions £m	Software and development £m	Brands and customer relationships £m	Property contracts £m	Total £m
Cost							
At 1 July 2018		166.6	278.4	60.3	11.5	3.8	520.6
Exchange adjustments		0.5	0.7	–	0.2	–	1.4
Disposals		–	–	(2.2)	–	–	(2.2)
Additions		–	–	11.5	–	0.1	11.6
Acquisitions		(0.5)	–	–	–	–	(0.5)
At 30 June 2019		166.6	279.1	69.6	11.7	3.9	530.9
IFRS 16 transition impact		**–**	**–**	**–**	**–**	**(3.5)**	**(3.5)**
Exchange adjustments		**0.6**	**1.2**	**0.1**	**0.3**	**(0.4)**	**1.8**
Disposals		**–**	**–**	**(0.1)**	**–**	**–**	**(0.1)**
Additions		**–**	**–**	**18.0**	**–**	**–**	**18.0**
Acquisitions	34	**53.0**	**–**	**31.2**	**9.9**	**–**	**94.1**
At 30 June 2020		**220.2**	**280.3**	**118.8**	**21.9**	**–**	**641.2**
Aggregate amortisation and impairment							
At 1 July 2018		–	36.5	23.2	0.2	1.6	61.5
Exchange adjustments		–	0.5	0.1	0.1	–	0.7
Charge for the year		–	1.2	9.5	2.5	0.3	13.5
Impairment charges		–	9.1	0.4	–	–	9.5
Disposals		–	–	(2.1)	–	–	(2.1)
At 30 June 2019		–	47.3	31.1	2.8	1.9	83.1
IFRS 16 transition impact		**–**	**–**	**–**	**–**	**(1.6)**	**(1.6)**
Exchange adjustments		**–**	**0.9**	**0.1**	**0.2**	**(0.3)**	**0.9**
Charge for the year		**–**	**0.6**	**18.7**	**4.5**	**–**	**23.8**
Impairment charges		**–**	**14.1**	**–**	**–**	**–**	**14.1**
Disposals		**–**	**–**	**(0.1)**	**–**	**–**	**(0.1)**
At 30 June 2020		**–**	**62.9**	**49.8**	**7.5**	**–**	**120.2**
Net book value at 30 June 2018		166.6	241.9	37.1	11.3	2.2	459.1
Net book value at 30 June 2019		166.6	231.8	38.5	8.9	2.0	447.8
Net book value at 30 June 2020		**220.2**	**217.4**	**69.0**	**14.4**	**–**	**521.0**

Amortisation charge for the year of £23.8m (30 June 2019: £13.5m) comprise of £9.6m (30 June 2019: £3.2m) recognised in respect of separately disclosed items relating to continuing operations and £14.2m (30 June 2019: £10.3m) in respect of operating profit before separately disclosed items.

Impairment charges for the year of £14.1m (30 June 2019: £9.5m) have been recognised in respect of separately disclosed items relating to continuing operations. There were no impairment reversals in either year.

Software includes internally-generated computer software and development technology with a net book value of £11.7m (30 June 2019: £23.6m).

Property contracts, brands and customer relationships are fair value adjustments that arose on acquisition.

Included in software and development are assets in the course of construction of £5.3m (30 June 2019: £3.0m).

Intangible assets have been reviewed for impairment as set out in note 13.

11 Property, plant and equipment

Group	Land and buildings £m	Fixtures, fittings, plant and machinery £m	Total £m
Cost			
At 1 July 2018	124.9	444.9	569.8
Exchange adjustments	0.2	1.0	1.2
Additions	3.0	20.7	23.7
Disposals	(3.7)	(3.8)	(7.5)
At 30 June 2019	124.4	462.8	587.2
IFRS 16 transition impact	**(12.7)**	**(10.9)**	**(23.6)**
Exchange adjustments	**0.2**	**1.2**	**1.4**
Additions	**3.0**	**23.1**	**26.1**
Disposals	**(1.6)**	**(8.1)**	**(9.7)**
Acquisitions	**–**	**0.6**	**0.6**
At 30 June 2020	**113.3**	**468.7**	**582.0**
Accumulated depreciation and impairment			
At 1 July 2018	70.5	327.8	398.3
Exchange adjustments	0.1	0.7	0.8
Charge for the year	4.0	27.7	31.7
Impairment charges	0.7	1.2	1.9
Disposals	(3.3)	(3.7)	(7.0)
At 30 June 2019	72.0	353.7	425.7
IFRS 16 transition impact	**(10.2)**	**(9.9)**	**(20.1)**
Exchange adjustments	**–**	**1.2**	**1.2**
Charge for the year	**3.9**	**26.1**	**30.0**
Impairment charges	**2.6**	**6.3**	**8.9**
Disposals	**(1.4)**	**(6.9)**	**(8.3)**
At 30 June 2020	**66.9**	**370.5**	**437.4**
Net book value at 30 June 2018	54.4	117.1	171.5
Net book value at 30 June 2019	52.4	109.1	161.5
Net book value at 30 June 2020	**46.4**	**98.2**	**144.6**

Impairment charges for the year of £8.9m (30 June 2019: £1.9m) comprise of £8.9m (30 June 2019: £1.6m) which has been recognised in respect of separately disclosed items relating to continuing operations and £nil (30 June 2019: £0.3m) in respect of operating profit before separately disclosed items. There were no impairment reversals in either year.

Finance leases

The net book value of property, plant and equipment held under finance leases was:

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Land and buildings	**–**	2.5
Fixtures, fittings, plant and machinery	**–**	0.9
Net book value at end of period	**–**	4.9

Assets under construction

Included in property, plant and equipment are assets in the course of construction of £18.1m (30 June 2019: £11.9m).

12 Right-of-use assets

Group	Right-of-use land and buildings £m	Right-of-use fleet and machines £m	Total £m
Cost			
At 1 July 2019 – Recognition of right-of-use assets on initial application of IFRS 16	183.0	5.0	188.0
Exchange adjustments	0.2	–	0.2
Acquisitions	3.2	–	3.2
At 30 June 2020	**186.4**	**5.0**	**191.4**
Accumulated depreciation and impairment			
At 1 July 2019 – Recognition of right-of-use asset on initial application of IFRS 16	–	–	–
Exchange adjustments	0.1	–	0.1
Charge for the year	29.7	1.6	31.3
Impairment charges	14.9	–	14.9
At 30 June 2020	**44.7**	**1.6**	**46.3**
Net book value at 30 June 2020	**141.7**	**3.4**	**145.1**

Impairment charges for the year of £14.9m have been recognised within separately disclosed items relating to continuing operations.

13 Impairment reviews

Group

The Group considers each venue to be a separate cash-generating unit ("CGU"). The Group's Digital operations consist of the Digital UK business (legacy UK operations and Stride) and the Digital Spain business, which primarily includes YoBingo. Digital UK and Digital Spain are each assessed as separate CGUs. The individual Grosvenor Venues are aggregated for the purposes of allocating the Grosvenor goodwill.

As at 30 June 2020, goodwill and indefinite life intangible assets considered significant in comparison to the Group's total carrying amount of such assets have been allocated to groups of cash generating units as follows:

	Goodwill		Indefinite life intangible assets	
	2020 £m	2019 £m	**2020 £m**	2019 £m
Grosvenor – group of cash generating units*	**80.9**	80.9	**210.4**	220.7
Digital UK cash generating unit**	**106.5**	53.4	**–**	–
Digital Spain cash generating unit	**32.8**	32.3	**–**	–
International cash generating units***	**–**	–	**7.0**	11.1
Total	**220.2**	166.6	**217.4**	231.8

* Each Grosvenor Venue is a separate CGU. Each venue holds at least one licence but can hold multiple licences, which represents an indefinite life intangible asset. The individual Grosvenor Venues are aggregated for the purposes of allocating the Grosvenor goodwill.
** Includes the acquisition of Stride Gaming plc during the year.
*** Each International Venue is a separate CGU. As no individual Venue CGU is significant in comparison to the total carrying amounts of intangible assets and other assets, the Venue CGUs have been presented on aggregated basis.

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets and include right of use assets following the adoption of IFRS16, are reviewed at each reporting date to determine whether there is any indication of impairment as required by IAS 36. If any such indication exists, then the asset's or CGU's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives the recoverable amount of the related CGU or group of CGUs is estimated each year at the same time. The recoverable amount is determined based on the higher of the fair value less costs of disposal and value in use. The nature of the test requires that the directors exercise judgement and estimation.

The impairment test was conducted in May 2020, however following a review of the assumptions used, management is satisfied that the assumptions used in the May 2020 impairment test and the impairment charge recorded for the year remained appropriate as at 30 June 2020. Further calculations were performed after year end in order to reflect the recent guidance on the reopening of venues. This had little impact on the impairment charge recorded for the year and therefore no subsequent changes were made to the year end assessment.

Testing is carried out by allocating the carrying value of these assets to CGUs, as set out above, and determining the recoverable amounts of those CGUs. The individual CGUs were first tested for impairment and then the group of CGUs to which goodwill is allocated was tested. Where the recoverable amount exceeds the carrying value of the CGUs, the assets within the CGUs are considered not to be impaired. If there are legacy impairments for such assets, except goodwill, these are considered for reversal.

13 Impairment reviews (continued)

The recoverable amounts of all CGUs or group of CGUs have been calculated with reference to their value in use. Value in use calculations are based upon estimates of future cash flows derived from the Group's strategic plan for the following three years. The strategic plan is updated in the final quarter of the financial year and has been approved by the board of directors. Future cash flows will also include an estimate of long-term growth rates which are estimated by division.

Pre-tax discount rates are applied to each CGU or group of CGUs cash flows and reflect both the time value of money and the risks that apply to the cash flows of that CGU or group of CGUs. These estimates have been calculated by external experts and are based on typical debt and equity costs for listed gaming and betting companies with similar risk profiles. There has been an overall decrease in the discount rate for the year when compared to last year due to the adoption of IFRS16, which has been partially offset by the impact of the economic outlook due to COVID-19.

The principal assumptions underlying the CGU cash flow forecasts include:

- Grosvenor Venues, Mecca Venues and International Venues reopening in July 2020 post COVID-19 lockdown;
- Venues return to pre-COVID-19 trading levels by year three of strategic plan as discussed in page 69;
- the underlying business model will be consistent with previous years, adjusted for expected socioeconomic, regulatory or tax changes and planned business initiatives;
- long term growth or decline trends in customer visits and spend per visit will continue, adjusted for changes in the business model or expected changes in the wider industry or economy;
- CGUs will achieve normal win margins, which are based upon historic experience.

Expenses are assessed separately by category. Assumptions include an extrapolation of recent cost inflation trends, known inflation trends such as national living wage and an expectation that costs will be incurred in line with agreed contractual rates.

The other significant assumptions incorporated into impairment reviews are those relating to discount rates and long-term growth.

	Pre-tax discount rate		Long-term growth rate	
	2019/20	2018/19	**2019/20**	2018/19
Grosvenor Venues*	**10.50%**	11.50%	**2%**	2%
Mecca Venues	**10.50%**	11.50%	**0%**	0%
Digital (UK)	**11.60%**	10.80%	**2%**	2%
Digital (Spain)	**14.00%**	10.00%	**2%**	2%
International Venues	**11.0% – 11.7%**	12.8% – 13.3%	**2%**	2%

* Discount rate and long-term growth rate applied to Grosvenor Venues CGUs and group of Grosvenor Venues CGUs to which goodwill is allocated.

Where a CGU does not have goodwill or an indefinite life intangible, the CGU is only assessed for impairment where an indicator of impairment to the associated definite life intangible and/or property, plant and equipment is identified. During the period, a sustained period of club underperformance due to closure caused by COVID-19 was identified to be an indicator of impairment at all venues CGUs.

During the period no indicators of an impairment reversal were identified.

The approach to determine recoverable amounts for a CGU without goodwill or indefinite life intangibles is the same as that described above and is determined based on the higher of fair value less costs of disposal and value in use.

As a result of the procedures outlined above, the following impairment charges were recognised during the year:

CGUs	Property plant and equipment	Right-of-use asset	Intangible assets	**Total**
Grosvenor Venues*	(2.0)	(2.0)	(9.9)	**(13.9)**
Mecca Venues*	(5.2)	(10.5)	–	**(15.7)**
International Venues*	(1.7)	(2.4)	(4.2)	**(8.3)**
Total	**(8.9)**	**(14.9)**	**(14.1)**	**(37.9)**

* Impairment recorded at the different individual Venue CGUs.

The amounts recognised have been disclosed within separately disclosed items within profit and loss, refer to note 4.

Sensitivity of impairment review

The Group has carried out sensitivity analysis on the reasonable possible changes in key assumptions in the impairment tests for (a) each CGU or group of CGUs to which goodwill has been allocated and (b) its Venue CGUs (including indefinite life intangible assets).

For Digital CGUs, no reasonable possible changes in assumptions will result in an impairment and therefore no sensitivity analysis has been disclosed.

For Venues based business the following sensitivities would result in changes to the proposed impairments:

Grosvenor Venues CGUs

Key assumption	Reasonable possible change	Impact on impairment	£m
Revenue Growth	10% decrease in revenue in year 1	Increase	(0.4)
	10% increase in revenue in year 1	Decrease	0.3
Post tax discount rates	1% decrease in discount rates	Decrease	1.5
	1% increase in discount rates	Increase	(2.0)
Earnings Multiples	10% decrease in earnings multiples	Increase	(1.6)
	10% increase in earnings multiples	Decrease	1.6
Long term growth rates	1% decrease in long term growth rates	Increase	(0.9)
	1% increase in long term growth rates	Decrease	0.8

Mecca Venues CGUs

Key assumption	Reasonable possible change	Impact on impairment	£m
Revenue Growth	10% decrease in revenue in year 1	Increase	(2.8)
	10% increase in revenue in year 1	Decrease	2.5
Pre-tax discount rates	1% decrease in discount rates	Decrease	0.5
	1% increase in discount rates	Increase	(0.5)
Long term growth rates	1% decrease in long term growth rates	Increase	(0.5)
	1% increase in long term growth rates	Decrease	0.4

International Venues

Key assumption	Reasonable possible change	Impact on impairment	£m
Revenue Growth	10% decrease in revenue in year 1	Increase	(1.4)
	10% increase in revenue in year 1	Decrease	1.6
Pre-tax discount rates	1% decrease in discount rates	Decrease	0.7
	1% increase in discount rates	Increase	(0.7)
Earnings Multiples	10% decrease in earnings multiples	Increase	(0.3)
	10% increase in earnings multiples	Decrease	0.3
Long term growth rates	1% decrease in long term growth rates	Increase	(0.5)
	1% increase in long term growth rates	Decrease	0.6

13 Impairment reviews (continued)

Grosvenor Casinos Goodwill – allocated to the group of Grosvenor CGUs

Given the current trading climate we have modelled the following sensitivity analysis:

- +/- £1m movement in year 3 EBITDA represents a +/- £7m movement in the DCF and headroom
- +/- 1% movement in the discount rate represents a -/+ £18m movement in the DCF and headroom

DCF	Other assets	Goodwill to be supported	Headroom	Impact of +/- £1m EBITDA movement on headroom	Impact of +/- 1% discount rate movement on headroom
£327.9m	£200.1m	£60.0m	£67.8m	+/– £7m	–/+ £18m

EBITDA in year 3 would have to decrease by £9.3m or the discount rate would have to increase by 4.5% for the recoverable amount of the group of Grosvenor CGUs to be equal to their total carrying amount.

Year end assessment

As at 30 June 2020, management determined that no reasonable possible change in assumptions will result in an impairment. The above disclosures have been provided as additional information in order to inform the users of the accounts of the available headroom and the assessment performed by management.

Company

The Company also tests annually the carrying value of its investments in subsidiaries, being its investments in Rank Nemo (Twenty-Five) Limited, a holding company for all companies within the Group with the exception of Rank Group Finance plc which acts as the Group's financing company.

In the current year, the recoverable amount was calculated by reference to value in use. The calculation of value in use for Rank Nemo (Twenty-Five) Limited is based upon estimates of future cash flows from the Group's CGUs and derived from the Group's strategic plan for the following three years and, where required, adjustments for long term provisions and net intercompany positions. The key assumptions underlying the forecasts are those described above with regards to the impairment testing of the Group's CGUs and reflect the forecast impact of COVID-19.

The value in use of the Company's investment in Rank Group Finance Limited is estimated based on the net assets of the company which principally consist of amortised cost receivables and so is considered to approximate value in use.

No impairments were identified in the carrying value of the Company's investments in subsidiaries. For CGUs, no reasonable possible changes in assumptions will result in an impairment and therefore no sensitivity analysis has been disclosed.

14 Investments

a) Group Investments

Group – equity investment	As at 30 June 2020 £m	As at 30 June 2019 £m
Other investment	–	3.5
Net book value at end of year	–	3.5

During the course of the year the Group sold all of it its £3.5m investment in its equity investment for total sale proceeds of £5.6m recognising a profit of £2.1m shown in separately disclosed items in the year.

Through the acquisition of Stride the Group holds a 50% stake in Aspers Online Limited to which £nil value was assigned. Losses not recognised in the period amounted to £0.2m.

b) Company investments

Company – investment in subsidiaries	As at 30 June 2020 £m	As at 30 June 2019 £m
Cost		
At start of year	1,452.3	1,452.3
At end of year	1,452.3	1,452.3
Provision for impairment		
At start of year	320.5	320.5
At end of year	320.5	320.5
Net book value at end of year	1,131.8	1,131.8

The company calculates a recoverable amount of its subsidiaries based upon the board approved strategic plans and business models and, where required, adjustments for long term provisions and net intercompany positions are made.

A list of the significant company investments in subsidiaries, including the name, country of incorporation, registered office and proportion of ownership interest is given in note 35.

c) Non-controlling interest

Set out below is the summarised financial information for the subsidiary that has non-controlling interests that are material the Group.

The amounts disclosed for each subsidiary are before intercompany eliminations.

Stride Gaming Plc

	As at 30 June 2020 £m	As at 30 June 2019 £m
Current assets	0.4	–
Current liabilities	(0.8)	–
Current net assets	(0.4)	–
Non-current assets	0.1	–
Non-current net assets	0.1	–
Net assets	(0.3)	–
Accumulated NCI	(0.2)	–

Non-controlling interest arises on 49% of net assets of Passion Gaming Private Limited which was valued using proportionate share method per IFRS 3.

15 Inventories

	Group	
	As at 30 June 2020 £m	As at 30 June 2019 £m
Finished goods	**2.0**	2.7

There were no write downs of inventory in the year (30 June 2019: £nil).

16 Other receivables

	Group	
	As at 30 June 2020 £m	As at 30 June 2019 £m
Current		
Other receivables	**10.8**	8.1
Less: provisions for impairment of other receivables	**(1.9)**	(1.7)
Other receivables – net	**8.9**	6.4
Net investment in lease	**2.7**	–
Prepayments	**8.0**	20.8
	19.6	27.2
Non-current		
Other receivables	**4.7**	4.1
IFRS 16 assets	**2.3**	–
	7.0	4.1

Group

The directors consider that the carrying value of other receivables approximate to their fair value.

As at 30 June 2020 other receivables of £0.4m (30 June 2019: £1.6m) were past due but not impaired.

The other classes within receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

17 Government grants

	Group	
	As at 30 June 2020 £m	As at 30 June 2019 £m
At 1 July 2019	**–**	–
Receivable in the year	**29.0**	–
Cash received	**(17.1)**	–
At 30 June 2020	**11.9**	–

Government grants have been received under the Coronavirus Job Retention Scheme in the UK and similar schemes in other countries in which the Group operates.

18 Trade and other payables

	Group		Company	
	As at 30 June 2020 £m	As at 30 June 2019 £m	**As at 30 June 2020 £m**	As at 30 June 2019 £m
Current				
Trade payables	**30.9**	12.4	**–**	–
Social security and other taxation	**46.2**	34.6	**–**	–
Contingent consideration	**–**	0.7	**–**	–
Deferred consideration	**–**	1.8	**–**	–
Other payables	**30.5**	60.1	**(0.6)**	0.2
Accruals and deferred income	**35.0**	35.6	**–**	–
Trade and other payables – current	**142.6**	145.2	**(0.6)**	0.2
Non-current				
Trade payables	**0.9**	–	**–**	–
Other payables	**0.2**	26.0	**–**	–
Trade and other payables – non-current	**1.1**	26.0	**–**	–

Other payables includes £nil current payables (30 June 2019: £2.9m) and £nil non-current payables (30 June 2019: £26.0m) in respect of above market rent property contracts acquired through business combinations. Following adoption of IFRS 16 on 1 July 2019, these amounts have been included as a reduction in the right-of-use asset as set out in note 12.

19 Income tax

	Group	
	As at 30 June 2020 £m	As at 30 June 2019 £m
Income tax receivable	**1.4**	0.6
Income tax payable	**(2.5)**	(7.2)
Net income tax payable	**(1.1)**	(6.6)

20 Financial assets and liabilities

(a) Interest-bearing loans and borrowings

	Maturity	Group As at 30 June 2020 £m	Group As at 30 June 2019 £m
Current interest-bearing loans and borrowings			
Bank overdrafts	On Demand	**2.5**	3.1
Obligations under leases	Various	**50.9**	–
Obligations under finance leases	Various	**–**	1.6
Term loans	May 2021	**19.7**	50.0
Other current loans			
Accrued interest	July 2020	**0.2**	0.1
Unamortised facility fees	Various	**(0.7)**	(0.1)
Total current interest-bearing loans and borrowings		**72.6**	54.7
Non-current interest-bearing loans and borrowings			
Obligations under leases	Various	**189.6**	–
Obligations under finance leases	Various	**–**	5.3
Term loans	Various	**108.4**	–
Other non-current loans			
Unamortised facility fees	Various	**(1.0)**	–
Total non-current interest-bearing loans and borrowings		**297.0**	5.3
Total interest-bearing loans and borrowings		**369.6**	60.0
Sterling		**369.6**	60.0
Total interest-bearing loans and borrowings		**369.6**	60.0

Bank overdrafts

Bank overdrafts are for short-term funding and are repayable on demand.

Term loan facilities

The three bi-lateral term loans which were signed on 29 September 2015 have been repaid during the financial year totalling £50.0m. The £128.1m term loan signed on 31st May 2019 was fully drawn down during FY20. Interest is payable on a periodic basis depending on the loan drawn. The facilities carry floating rates of interest which are LIBOR dependant. The total drawn term loans at 30 June 2020 was £128.1m (30 June 2019: £50.0m).

Revolving credit facilities

Two new facilities were signed on 29th February and 2nd March 2020 totalling £55.0m, with expiry dates of May 2024 (£40.0m) and February 2025 (£15.0m). The five year £30.0m facility signed on 29 September 2015 is due to expire on 29 September 2020. Interest is payable on a periodic basis depending on the loan drawn. The facilities carry floating rates of interest which are LIBOR dependant. There were no drawings on the multi-currency revolving credit facilities at 30 June 2020, providing the Group with £85.0m of undrawn committed facilities.

Covenants

The Group complied with all its covenants during the year.

Company

The Company did not hold any external interest bearing loans or borrowings at 30 June 2020 (30 June 2019: £nil). The Company holds interest bearing loans with other Group companies at 30 June 2020 of £431.1m (30 June 2019: £389.5m).

(b) Hedging activities

The Group has not carried out any hedging activities in either period.

(c) Fair values

The table below is a comparison by class of the carrying amounts and fair value of the Group and Company's financial instruments at 30 June 2020 and 30 June 2019.

		Carrying amount		Fair value	
Group		**As at 30 June 2020 £m**	As at 30 June 2019 £m	**As at 30 June 2020 £m**	As at 30 June 2019 £m
Financial assets:					
Equity Investments					
Other investment – unquoted equity shares	Level 3	**–**	3.5	**–**	3.5
Loans and receivables					
Other receivables	Level 2	**7.8**	0.9	**7.8**	0.9
Cash and short-term deposits	Level 1	**73.6**	61.8	**73.6**	61.8
Total		**81.4**	66.2	**81.4**	66.2
Financial liabilities:					
Other financial liabilities					
Interest bearing loans and borrowings					
Obligations under leases	Level 2	**240.5**	–	**258.3**	–
Obligations under finance leases	Level 2	**–**	6.9	**–**	6.9
Floating rate borrowings	Level 2	**128.1**	50.0	**128.1**	50.0
Bank overdrafts	Level 1	**2.5**	3.1	**2.5**	3.1
Other	Level 2	**0.3**	–	**0.3**	–
Trade and other payables	Level 2	**95.7**	88.8	**95.7**	88.8
Property leases	Level 2	**13.5**	33.5	**13.5**	33.5
Contingent consideration	Level 3	**–**	0.7	**–**	0.7
Deferred consideration	Level 3	**–**	1.8	**–**	1.8
Total		**480.6**	184.8	**498.4**	184.8

	Carrying amount		Fair value	
Company	**As at 30 June 2020 £m**	As at 30 June 2019 £m	**As at 30 June 2020 £m**	As at 30 June 2019 £m
Financial liabilities:				
Other financial liabilities				
Trade and other payables	**0.6**	0.2	**0.6**	0.2
Financial guarantee contracts	**4.0**	1.6	**4.0**	1.6
Amounts owed to subsidiary undertakings	**431.1**	389.5	**431.1**	389.5
Total	**435.7**	391.3	**435.7**	391.3

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumption:

- Cash and short-term deposits, other receivables, bank overdrafts and other financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments;
- The fair value of fixed rate borrowings is based on price quotations at the reporting date;
- The fair value of floating rate borrowings and obligations under finance leases approximates to their carrying amounts

20 Financial assets and liabilities (continued)

Fair value hierarchy

The Group uses the following hierarchy to determine the carrying value of financial instruments that are measured at fair value:

Level 1: quoted (unadjusted) prices in active markets identical assets or liabilities.

Level 2: other techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

21 Financial risk management objectives and policies

Financial risk factors

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's senior management oversees the management of these risks. The finance committee is supported by the Group's senior management, which advises on financial risks and the appropriate financial risk governance framework for the Group. The finance committee provides assurance that the Group's financial risk-taking activities are governed by appropriate policies and procedures and the financial risks are identified, measured and managed in accordance with Group policies and risk appetite.

The board of directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings and deposits.

The sensitivity analyses in the following sections relate to the positions at 30 June 2020 and 30 June 2019.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group's current policy is not to hedge foreign currency risk.

Foreign currency sensitivity

The following table demonstrates the sensitivity of a possible change in the US dollar and euro, with all other variables held constant, to the Group's profit before tax and the Group's equity. The Group's exposure to foreign currency changes for all other currencies is not material.

	Effect on profit before tax		Effect on equity	
	As at 30 June 2020 £m	As at 30 June 2019 £m	**As at 30 June 2020 £m**	As at 30 June 2019 £m
Change in foreign exchange rates:				
+10.0% US$	**(0.1)**	–	**–**	–
-10.0% US$	**0.2**	–	**–**	–
+10.0% euro	**(0.3)**	(0.1)	**4.9**	1.8
-10.0% euro	**0.3**	0.2	**(4.9)**	(1.8)

(ii) Cash flow and fair value interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Historically the Group had managed its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Due to the current economic climate the Group has exercised its right to operate outside the Group policy of maintaining between 40% and 60% of its borrowings at fixed rate of interest. At 30 June 2020, 65%of the group's borrowings were at a fixed rate of interest (30 June 2019: 12%)

(iii) Interest rate sensitivity
The table below demonstrates the sensitivity to a possible change in interest rates on income and equity for the year when this movement is applied to the carrying value of loans, borrowings, cash and short-term deposits.

	Effect on profit before tax	
	As at 30 June 2020 £m	As at 30 June 2019 £m
Sterling:		
100 basis point increase	**(0.9)**	(0.4)
200 basis point increase	**(1.8)**	(0.8)

There was no impact on equity in either year as a consequence of loan arrangements.

Due to current low interest rates, any further decline would not have a material impact on income and equity for the year. As such, sensitivity to a decrease in interest rates has not been presented.

The Group did not enter into any fixed-to-floating or floating-to-fixed interest rate swaps in either year.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial instruments and cash deposits
Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the finance director, and may be updated throughout the year subject to the approval of the Group's finance committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

21 Financial risk management objectives and policies (continued)

The credit worthiness of each counterparty is checked against independent credit ratings on at least a weekly basis, with a minimum rating of 'BB'. The Group predominantly invests with its lending banks when appropriate.

Sales to retail customers are settled in cash or using major credit and debit cards and therefore the exposure to credit risk is not considered significant.

No credit limits were exceeded during the reporting period and management does not expect any material losses from non-performance of its counterparties.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient funds to meet its liabilities. Cash forecasts identifying the liquidity requirements of the Group are produced three times a year. The cash forecasts are sensitivity tested for different scenarios and are reviewed regularly. Forecast financial headroom and debt covenant compliance is reviewed monthly during the month-end process to ensure sufficient headroom exists for at least a 12 month period.

Due to the dynamic nature of the underlying businesses, Group treasury aims to maintain flexibility in funding by keeping committed credit lines available. A three-year strategic forecast is prepared annually to facilitate planning for future financing needs. Management actively manages the Group's financing requirements and the range of maturities on its debt.

The Group's core debt facilities are the £85.0m (30 June 2019: £90.0m) bank facility comprising one bi-lateral bank facility which expires in September 2020 (£30.0m), one bi-lateral bank facility which expires in May 2024 (£40.0m), one bi-lateral bank facility which expires in February 2025 (£15.0m), and the £128.1m (30 June 2019: £50.0m) bank facility comprising the term loan which expires in May 2024. The Group proactively manages its relationships with its lending group.

The funding policy of the Group is to maintain, as far as practicable, a broad portfolio of debt diversified by source and maturity, and to maintain committed facilities sufficient to cover seasonal peak anticipated borrowing requirements.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	On demand £m	Less than 12 months £m	1 to 2 years £m	2 to 5 years £m	Greater than 5 years £m	Total £m
At 30 June 2020						
Interest-bearing loans and borrowings[1]	**2.5**	**21.4**	**31.0**	**80.5**	**–**	**135.4**
Trade and other payables	**–**	**95.7**	**–**	**–**	**–**	**95.7**
Lease liabilities	**–**	**57.0**	**34.4**	**75.0**	**74.1**	**240.5**
	2.5	**174.1**	**65.4**	**155.5**	**74.1**	**471.6**
At 30 June 2019						
Interest-bearing loans and borrowings[1]	3.1	52.2	1.2	1.9	2.2	60.6
Trade and other payables	–	88.8	–	–	–	88.8
Finance leases	–	6.7	4.8	10.9	17.1	39.5
Contingent & deferred consideration	–	2.5	–	–	–	2.5
	3.1	150.2	6.0	12.8	19.3	191.4

1. The bank facility interest payments were based on current LIBOR as at the reporting date.

Interest payments on the interest-bearing loans and borrowings have been projected until the instruments mature.

Capital management

As a result of the difficult conditions that developed in the global capital markets in recent years, the Group's objectives when managing capital have been to ensure continuing access to existing debt facilities and to manage the borrowing cost of those facilities in order to minimise the Group's interest charge.

Consistent with others in the gaming industry, the Group monitors capital on the basis of leverage ratio. The ratio is calculated as net debt divided by EBITDA. Net debt is calculated as total borrowings (including 'loans and borrowings' as shown in the consolidated balance sheet) less cash and short-term deposits, accrued interest and unamortised facility fees. EBITDA is calculated as operating profit before exceptional items, depreciation and amortisation from continuing operations.

The leverage ratios at 30 June 2020 and 30 June 2019 were as follows:

	As at 30 June 2020 £m	As at 30 June 2019 £m
Total loans and borrowings (note 20)	**369.6**	60.0
Less: Cash and short-term deposits	**(73.6)**	(61.8)
Less: Accrued interest	**(0.2)**	(0.1)
Less: Unamortised facility fees	**1.7**	0.1
Net debt (cash)	**297.5**	(1.8)
Continuing operations		
Operating profit before exceptional	**51.1**	72.5
Add: Depreciation and amortisation	**75.5**	45.2
EBITDA	**126.6**	117.7
Leverage ratio	**2.3**	–

Leverage ratio for covenant purposes (pre IFRS 16 adjustment) at 30 June 2020 is 0.5.

Taking into consideration both the Group's capital investment requirements and the stability of the wider economic environment, the Group considers its progressive dividend policy to be appropriate.

Collateral

The Group did not pledge or hold any collateral at 30 June 2020 (30 June 2019: £nil).

Company

The maximum exposure to credit risk at the reporting date is the fair value of its Cash and Short term deposits of £nil (30 June 2019: £nil).

The Company does not have any other significant exposure to financial risks.

22 Deferred tax

The analysis of deferred tax included in the financial statements at the end of the year is as follows:

	Group	
	As at 30 June 2020 £m	As at 30 June 2019 £m
Deferred tax assets:		
Accelerated capital allowances	**15.7**	13.9
Tax losses carried forward	**–**	0.1
Business combinations – property lease fair value adjustments	**–**	3.4
Other UK temporary differences	**2.5**	0.8
Deferred tax assets	**18.2**	18.2
Deferred tax liabilities:		
Other overseas temporary differences	**(3.6)**	(6.6)
Business combinations – acquired intangibles	**(0.3)**	–
Business combinations – non-qualifying properties	**(0.6)**	(0.5)
Temporary differences on UK casino licences	**(35.3)**	(33.1)
Deferred tax liabilities	**(39.8)**	(40.2)
Net deferred tax liability	**(21.6)**	(22.0)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and it is the intention to settle the balances on a net basis. Deferred tax assets and liabilities of £17.3m (30 June 2019: £18.1m) have been offset and disclosed on the balance sheet as follows:

	Group	
	As at 30 June 2020 £m	As at 30 June 2019 £m
Deferred tax assets	**0.9**	0.1
Deferred tax liabilities	**(22.5)**	(22.1)
Net deferred tax liability	**(21.6)**	(22.0)

The deferred tax assets recognised are recoverable against future taxable profits that the directors consider more likely than not to occur on the basis of management forecasts.

The Group has UK tax losses of £0.8m (30 June 2019: £nil) and overseas tax losses of £16.2m (30 June 2019: £nil) that are carried forward for offset against suitable future taxable profits. No deferred tax asset has been recognised in relation to these losses as no utilisation is currently anticipated.

The Group has UK capital losses carried forward of £781.0m (30 June 2019: £783.0m). These losses have no expiry date and are available for offset against future UK chargeable gains. No deferred tax asset (30 June 2019: £nil) has been recognised in respect of these capital losses as no further utilisation is currently anticipated.

Temporary differences associated with Group investments

There was no deferred tax liability recognised (30 June 2019: £nil) for taxes that would be payable on the unremitted earnings of certain subsidiaries. The Group has determined that any unremitted earnings that do not fall within the dividend exemption introduced in the Finance Act 2009 will not be distributed in the foreseeable future and the parent company does not foresee giving such consent at the balance sheet date.

The deferred tax included in the Group income statement is as follows:

	Group	
	Year ended 30 June 2020 £m	Year ended 30 June 2020 £m
Deferred tax in the income statement		
Accelerated capital allowances	**1.8**	0.3
Tax losses	**(0.1)**	(0.3)
Business combinations – property lease fair value adjustments	**(0.1)**	(0.6)
Temporary differences on UK casino licences	**(2.2)**	1.3
Other temporary differences	**2.8**	1.4
Total deferred tax credit	**2.2**	2.1

The deferred tax movement on the balance sheet is as follows:

	Group	
	30 June 2020 £m	30 June 2019 £m
As at start of year	**(22.0)**	(24.0)
Acquisition of Stride Gaming Plc ('Stride')	**(0.1)**	–
Deferred tax credit in the income statement	**2.2**	2.1
Deferred tax charge to equity	**(1.7)**	(0.1)
	(21.6)	(22.0)

23 Provisions

Group	Property related provisions £m	Disposal provisions £m	Restructuring provisions £m	Indirect tax provision £m	Pay provision £m	Total £m
At 1 July 2019	33.5	3.9	0.2	1.2	8.0	46.8
Impact on application of IFRS 16	(30.2)	–	–	–	–	(30.2)
Adjusted balance at 1 July 2019	3.3	3.9	0.2	1.2	8.0	16.6
Charge to the income statement – separately disclosed items	10.2	–	–	–	–	10.2
Release to the income statement – separately disclosed items	–	–	–	–	(4.9)	(4.9)
Utilised in year	–	–	(0.1)	–	(2.9)	(3.0)
At 30 June 2020	**13.5**	**3.9**	**0.1**	**1.2**	**0.2**	**18.9**
Current	**1.3**	**0.2**	**0.1**	**1.2**	**0.2**	**3.0**
Non-current	**12.2**	**3.7**	**–**	**–**	**–**	**15.9**
Total	**13.5**	**3.9**	**0.1**	**1.2**	**0.2**	**18.9**

Provisions have been made based on management's best estimate of the future cash flows, taking into account the risks associated with each obligation.

23 Provisions (continued)

Property related provisions

The balance as at 1 July 2019 has been restated to remove the onerous lease provisions of £30.2m which have been reclassified as an impairment of the right-of-use asset as at the date of initial application of IFRS 16, refer to note 1. As at 30 June 2020, the balance comprised of £3.3m of dilapidations provisions and a property-related provision of £10.2m. As a result of the Coronavirus lockdown, the Group has determined it is now probable that they will be required to make payments under a property arrangement for which the liability will revert to the Group if the tenant defaults. A provision of £10.2m has been recognised, being the present value of the amount expected to be paid over the remaining life of the arrangement.

Disposal provisions

Provision has been made for legacy industrial disease and personal injury claims, deferred payments arising from the settlement of property lease obligations and other directly attributable costs arising as a consequence of the sale or closure of the businesses. The timing of any personal injury claims is uncertain and therefore these claims have been included in the maturity analysis based on management's best estimates. The disposal provisions held comprise the following:

	As at 30 June 2020 £m	As at 30 June 2019 £m
Legacy industrial disease and personal injury claims	**3.8**	3.8
Other	**0.1**	0.1
Total disposal provisions	**3.9**	3.9

Restructuring provisions

A provision of £0.1m (30 June 2019: £0.2m) has been made for remaining SDI restructuring and relocation costs.

Indirect tax provision

The indirect tax provision relates to an amusement machine licence duty claim by HMRC. The balance of £1.2m represents the directors' best estimate of the outflow likely to arise.

Pay provision

The provision regarding the National Minimum Wage ("NMW") Regulations arose because Rank's pay averaging practice did not meet the strict timing requirements of the NMW Regulations. Rank does not have any headline rates of pay below the NMW and over the course of a year colleagues will have received their contractual rate of pay. However, in some pay periods where greater than average hours were worked colleagues will have been paid less than that required in the NMW Regulations. The £8.0m separately disclosed item represented Rank's best estimate of payments that were required to be made for the previous six years as at the 30 June 2019 balance sheet date. The Group reached agreement with HMRC in early 2020 for total costs of £3.1m resulting in a provision release of £4.9m. All costs have been settled or are in the process of being settled for those employees for whom the Group is still in contact for payment details.

Company

Provision has been made for legacy industrial disease and personal injury claims relating to a previously closed business. The timing of any personal injury claims is uncertain and therefore these claims have been included in the maturity analysis based on management's best estimates. The disposal provisions held comprise the following:

	As at 30 June 2020 £m	As at 30 June 2019 £m
Current	**0.2**	0.2
Non-current	**0.9**	0.9
Total legacy industrial disease and personal injury claims	**1.1**	1.1

24 Share capital

	As at 30 June 2020		As at 30 June 2019	
	Number £m	**Nominal value £m**	Number £m	Nominal value £m
Authorised ordinary shares of 13 8/9p each	**1,296.0**	**180.0**	1,296.0	180.0

	As at 30 June 2020		As at 30 June 2019	
	Number £m	**Nominal value £m**	Number £m	Nominal value £m
As at 30 June 2019 and 30 June 2020 – issued and fully paid	**390.7**	**54.2**	390.7	54.2

25 Notes to cash flow

Reconciliation of operating profit to cash generated from continuing operations:

	Group		Company	
	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m	**Year ended 30 June 2020 £m**	Year ended 30 June 2019 £m
Continuing operations				
Operating profit (loss)	**23.5**	39.0	**(2.4)**	0.1
Separately disclosed items	**27.6**	36.7	**–**	–
Operating profit before separately disclosed items	**51.1**	75.7	**(2.4)**	0.1
Depreciation and amortisation	**75.5**	42.0	**–**	–
Settlement of share based payments	**–**	(0.4)	**–**	–
Share-based payments	**0.8**	1.1	**–**	–
Loss on disposal of property, plant and equipment	**–**	0.2	**–**	–
Gain on surrender of finance lease	**–**	(0.3)	**–**	–
Impairment of property, plant and equipment	**–**	0.3	**–**	–
Assets written off	**1.0**	–	**–**	–
Decrease (increase) in inventories	**0.7**	(0.2)	**–**	–
(Increase) decrease in other receivables	**(8.4)**	3.7	**–**	–
Increase (decrease) in trade and other payables	**26.6**	6.9	**2.3**	(0.1)
	147.3	129.0	**(0.1)**	–
Cash utilisation of provisions (see note 23)	**(3.0)**	(4.7)	**–**	(0.1)
Cash receipts (payments) in respect of separately disclosed items	**27.6**	(11.2)	**–**	–
Cash generated from operations	**171.9**	113.1	**(0.1)**	(0.1)

26 Cash and short-term deposits

	Group	
	As at 30 June 2020 £m	As at 30 June 2019 £m
Cash at bank and on hand	**33.6**	52.3
Short-term deposits	**40.0**	9.5
Total	**73.6**	61.8

The analysis of cash and short-term deposits by currency is as follows:

	Group	
	As at 30 June 2020 £m	As at 30 June 2019 £m
Sterling	**62.8**	53.1
Euro	**8.9**	8.7
Others	**1.9**	–
Total	**73.6**	61.8

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Company

At 30 June 2020 the Company had cash and short-term deposits of £nil (30 June 2019: £nil).

27 Reconciliation of cash flow from financing activities

Reconciliation of net debt:

	Group	
	As at 30 June 2020 £m	As at 30 June 2019 £m
Cash and cash equivalents	**71.1**	58.7
Borrowings excluding leases	**(128.1)**	(56.9)
IFRS 16 Lease liabilities	**(240.5)**	–
Net (debt) cash	**(297.5)**	1.8

For the purpose of the statements of cash flow, cash and cash equivalents comprise the following:

	Group	
	As at 30 June 2020 £m	As at 30 June 2019 £m
Cash at bank and on hand	**33.6**	52.3
Short-term deposits	**40.0**	9.5
	73.6	61.8
Bank overdrafts	**(2.5)**	(3.1)
Total	**71.1**	58.7

Changes in liabilities arising from financing activities:

	As at 30 June 2020 £m	Transactions year ended 30 June 2020 Cash flow	Non-cash changes	As at 30 June 2019 £m
Obligations under finance leases	**–**	**–**	**6.9**	6.9
Obligations under leases	**240.5**	**37.1**	**(277.6)**	–
Term loans	**128.1**	**(78.1)**	**–**	50.0
Total borrowings	**368.6**	**(41.0)**	**(270.7)**	56.9

28 Employees and directors

(a) Employee benefit expense for the Group during the year

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Wages and salaries	**169.7**	178.8
Social security costs	**15.4**	16.5
Pension costs	**5.1**	4.9
Share-based payments	**0.9**	1.1
	191.1	201.3

The Company has no employees (year ended 30 June 2019: nil).

(b) Average monthly number of employees

	Full-time Year ended 30 June 2020	Part-time Year ended 30 June 2020	Total Year ended 30 June 2020	Full-time Year ended 30 June 2019	Part-time Year ended 30 June 2019	Total Year ended 30 June 2019
Digital	**356**	**19**	**375**	246	14	260
Grosvenor Venues	**2,880**	**1,738**	**4,618**	3,435	1,593	5,028
Mecca venues	**554**	**1,883**	**2,437**	594	2,079	2,673
International Venues	**521**	**99**	**620**	539	105	644
Central Costs	**352**	**29**	**381**	326	48	374
	4,663	**3,768**	**8,431**	5,140	3,839	8,979

(c) Key management compensation

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Salaries and short-term employee benefits (including social security costs)	**2.7**	3.5
Termination benefits	**0.2**	0.7
Post-employment benefits	**0.2**	0.3
Share-based payments	**0.7**	0.9
	3.8	5.4

Included in key management compensation are bonuses of £nil in respect of the current year (year ended 30 June 2019: £nil).

Key management is defined as the directors of the Group and the management team, details of which are set out on pages 80 and 81. Further details of emoluments received by directors are included in the remuneration report.

28 Employees and directors (continued)

(d) Directors' interests

The directors' interests in shares of the Company, including conditional awards under the Long-Term Incentive Plan, are detailed in the remuneration report.

(e) Total emoluments of the directors of The Rank Group Plc

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Salaries and short-term employee benefits (including social security costs)	**1.3**	1.6
Termination benefits	**0.1**	0.5
Post-employment benefits	**0.1**	0.1
Share-based payments	**0.5**	0.5
	2.0	2.7

No director accrued benefits under defined benefit pension schemes in either year. One director (year ended 30 June 2019: one) is a member of the Group's defined contribution pension plan at the year end. Further details of emoluments received by directors, including the aggregate amount of gains made by directors upon the vesting of conditional share awards, are disclosed in the remuneration report on page 118.

29 Share-based payments

During the year ended 30 June 2020, the Company operated an equity settled Long-Term Incentive Plan ("LTIP"). Further details of the LTIP are included in the remuneration report on page 126. The LTIP is an equity settled scheme and details of the movements in the number of shares are shown below:

	As at 30 June 2020	As at 30 June 2019
Outstanding at start of the year	**5,470,589**	6,956,752
Granted	**490,058**	2,014,042
Exercised	**(50,181)**	(272,550)
Expired	**(53,431)**	(286,357)
Forfeited	**(996,687)**	(2,941,298)
Outstanding at end of the year	**4,860,348**	5,470,589

	As at 30 June 2020	As at 30 June 2019
Weighted average remaining life	**3.3 years**	3.2 years
Weighted average fair value for shares granted during the year (p)	**147.9**	154.1

There is one LTIP awards currently in issue during the financial year ended 30 June 2020.

LTIP – 2014/15 award

Vests in three tranches; 45% in December 2017, 30% in December 2018 and 25% in December 2019. All LTIP awards have £nil exercise price.

The fair value of the LTIP awards granted in the previous years was based on the market value of the share award at grant date less the expected value of dividends forgone.

In December 2019 the third and final tranche of shares vested and 0.1m shares were exercised and settled. The total equity cost of settlement was £0.1m and the weighted average share price at the date of issue £1.56.

The Group recognised a £nil charge (30 June 2019: £0.1m) in operating profit from accounting for share-based payments and related national insurance in accordance with IFRS 2.

LTIP – 2017/18 award

Vest in three tranches; 33.3% in October 2021, 33.3% in October 2022 and 33.3% in October 2023. All LTIP awards have £nil exercise price.

The number of LTIP awards and the fair value per share of the LTIP awards granted during the year were as follows:

	30 June 2020	30 June 2019
Number	**490,058**	2,014,042
Weighted average fair value per share	**154.1p**	154.1p

The fair value of the LTIP awards granted during the year is based on the market value of the share award at grant date less the expected value of dividends forgone. The following table lists the inputs used in assessing the fair value of the share awards:

	30 June 2020	30 June 2019
Dividend yield (%)	**4.10**	4.10
Vesting period (Years)	**3.30**	4.26
Weighted average share price (p)	**183.2**	183.2

To the extent that grants are subject to non-market based performance conditions, the expense recognised is based on expectations of these conditions being met, which are reassessed at each balance sheet date. The Group recognised £0.9m charge (30 June 2019: £1.0m charge) in operating profit for costs of the scheme in the current year.

30 Retirement benefits

Defined contribution scheme

The Group operates the Rank Group Stakeholder Pension Plan ("the Plan") which is externally funded and the Plan's assets are held separately from Group assets. During the year ended 30 June 2020, the Group contributed a total of £5.1m (year ended 30 June 2019: £4.9m) to the Plan. There were no significant contributions outstanding at the balance sheet date in either year.

Other pension commitment

The Group has an unfunded pension commitment relating to three former executives of the Group. At 30 June 2020, the Group's commitment was £4.0m (30 June 2019: £4.0m). The Group paid £0.2m (year ended 30 June 2019: £0.2m) in pension payments during the year. The actuarial loss arising on the commitment, resulting from the changes in assumptions outlined below in the year, was £0.1m (year ended 30 June 2019: £nil) before taxation and £0.1m after taxation (year ended 30 June 2019: £nil).

	30 June 2020 % p.a.	30 June 2019 % p.a.
Discount rate	**1.4**	2.3
Pension increases	**2.8**	3.2

The obligation has been calculated using the S2 mortality tables with a 1.5% per annum improvement in life expectancy.

31 Leases

Group as a Lessee

The Group leases various properties and equipment. Rental contracts are made for various fixed periods ranging up to 94 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group as a lessee.

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	£m
As at 1 July 2019	**265.2**
Additions	3.2
Accretion of interest	9.1
Payments	(36.8)
Foreign exchange	(0.2)
As at 30 June 2020	**240.5**
Current liabilities	50.9
Non-current liabilities	189.6
Total	**240.5**

The maturity analysis of lease liabilities are disclosed below:

	As at 30 June 2020	
	Present value of the minimum lease payments £m	Total minimum lease payments £m
Within 1 year	57.0	57.4
After 1 year but within 2 years	34.4	36.6
After 2 years but within 5 years	75.0	85.4
After 5 years	74.1	100.8
	240.5	**280.2**

Less: total future interest expenses	(39.7)
Present value of lease liabilities	**240.5**

The following are the amounts recognised in profit or loss:

	Year ended 30 June 2020 £m
Depreciation expense of right-of-use assets	31.3
Interest expense on lease liabilities	8.2
Variable lease payments non included in the measurement of lease liabilities	11.4
Total amount recognised in profit or loss	**50.9**

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The undiscounted potential future rental payments relating to extension options that are unlikely to be exercised following the exercise date of extension are £256.2m (£84.7m within five year; £171.5m more than five years).

Group as a lessor

The Group is party to a number of leasehold property contracts. Where appropriate the Group will sub-let properties, which are vacant in order to derive finance lease income, which is show net of lease costs. Lease income as at 30 June 2020 from lease contracts in which the Group sub-lets certain property space is disclosed below.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	As at 30 June 2020 Total minimum lease payments £m
Within 1 year	1.0
After 1 year but within 2 years	0.5
After 2 years but within 5 years	0.9
After 5 years	0.5
Total	**2.9**

Capital commitments

At 30 June 2020, the Group has contracts placed for future capital expenditure of £4.0m (30 June 2019: £3.4m).

32 Contingent liabilities and contingent assets

Group

Property arrangements

The group has certain property arrangements under which rental payments revert to the Group in the event of default by the third party. At 30 June 2020 it is not considered probable that the third party will default. As such, no provision has been recognised in relation to these arrangements. If the third party was to default on these four arrangements, the obligation for the Group would be £2.3m on a discounted basis.

Company

At 30 June 2020, the Company has made guarantees to subsidiary undertakings of £52.5m (30 June 2019: £50.4m).

33 Related party transactions

Group

Details of compensation paid to key management are disclosed in note 28.

Entities with significant influence over the Group

Guoco Group Limited ("Guoco"), a company incorporated in Bermuda, and listed on the Hong Kong stock exchange has a controlling interest in The Rank Group Plc. The ultimate parent undertaking of Guoco is Hong Leong Company (Malaysia) Berhad ("Hong Leong") which is incorporated in Malaysia. At 30 June 2019, entities controlled by Hong Leong owned 56.1% of the Company's shares, including 52.0% through Guoco's wholly-owned subsidiary, Rank Assets Limited, the Company's immediate parent undertaking.

Company

The following transactions with subsidiaries occurred in the year:

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Interest payable to subsidiary undertaking	**(11.6)**	(8.8)

During the year, Rank Group Finance Plc, a subsidiary of the Company, provided additional cash to the Company of £32.5m (year ended 30 June 2019: £28.8m).

34 Acquisition of subsidiary undertakings

On 4 October 2019, the Group acquired 99.8% of the issued share capital of Stride Gaming plc ("Stride") for a total cash consideration of £116.0m which included £1.5m in respect of employee benefit schemes. There was no deferred or contingent consideration.

Stride is an established scale player in the highly regulated UK soft gaming market and provides B2C services through a portfolio of 150 online brands, 14 of which are operated on Stride's proprietary platform and also B2B services licensing its proprietary platform. The acquisition of Stride will accelerate the transformation of Rank and create one of the UK's leading online gaming businesses.

The provisional fair value of the assets acquired and liabilities assumed, goodwill and consideration are outlined below. Whilst a detailed purchase price allocation exercise has been performed, the amounts have been disclosed as provisional in the event that additional information becomes available which would change these provisional numbers. The accounting will be completed within the 12-month measurement period permitted by IFRS 3 'Business Combinations'.

	£m
Intangible assets	41.1
Other non-current assets	3.7
Trade and other receivables	5.3
Cash and short-term deposits	30.5
Trade and other payables	(14.3)
Loans and borrowings	(2.5)
Income tax liability	(0.5)
Deferred tax liability	(0.1)
Net assets acquired	**63.2**
Non-controlling interests	(0.2)
Goodwill	53.0
Total consideration	**116.0**

The fair value of each component of consideration is analysed as:

	£m
Total consideration – cash	**116.0**

The identified intangible assets recognised separately from goodwill are as follows:

	£m
Customer Relationships	6.2
Brand	3.7
Technology	29.8
Software and licences	1.4
Total intangible assets	**41.1**

As discussed in note 1, the determination of the fair value of intangibles is considered to be a key source of estimation uncertainty, including having to estimate expected cash flows and identify appropriate royalty and discount rates. The above provisional valuations were prepared by third party valuers who performed detailed sensitivity analysis when determining the value of the intangibles acquired in respect of the Stride Group acquisition.

The goodwill of £53.0m consists of forecast synergies, high expected growth in the combined business and the assembled workforce, including marketing and technological expertise. No amount of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition related costs of £1.4m have been recognised as a separately disclosed item in the Group income statement.

In the year ended 30 June 2020, Stride contributed statutory revenue of £51.2m and £2.1m of profit before tax. If the Acquisition had occurred at the beginning of the year, the continuing statutory revenues of the combined entity in the 12 months to 30 June 2020 would have been £67.1m and profit before tax would have been £3.2m.

During the 2019/20 financial year deferred consideration of €1.5m was paid in connection with the acquisition of QSB gaming Limited and its subsidiaries ("YoBingo") following the acquisition in May 2018.

35 Subsidiaries

The Company owns directly or indirectly 100% (unless otherwise noted) of the ordinary share capital and voting rights of the following companies:

Name	Country of incorporation	Principal activities	Registered office address
Rank Digital Gaming (Alderney) Limited	Alderney	Interactive gaming	La Corvee House, La Corvee, Alderney, GY9 3TQ
Blankenberge Casino-Kursaal NV	Belgium	Casino	Zeedijk (Casino), B-8430 Middelkerke, Belgium
QSB Gaming Limited	Alderney	Intermediary holding company	La Corvee House, La Corvee, Alderney, GY9 3TQ
Mindful Media Limited	Channel islands	Dormant	Kingsway House, Havilland Street, St Peter Port, Guernsey, GY1 2QE
Rank Leisure Limited	England and Wales	Adult gaming centres in Mecca and Grosvenor Casinos venues	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Grosvenor Casinos Limited	England and Wales	Casinos	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Grosvenor Casinos (GC) Limited	England and Wales	Casinos	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
The Gaming Group Limited	England and Wales	Casinos	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Rank Group Finance Plc[1]	England and Wales	Funding operations for the Group	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Rank Nemo (Twenty-Five) Limited[1]	England and Wales	Intermediary holding company	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Rank Leisure Holdings Limited	England and Wales	Intermediary holding company and corporate activities	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Rank Digital Holdings Limited	England and Wales	Intermediary holding company for digital entities	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Rank (U.K.) Holdings Limited	England and Wales	Intermediary holding company for legacy entities	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Rank Overseas Holdings Limited	England and Wales	Intermediary holding company	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Rank Group Gaming Division Limited	England and Wales	Intermediary holding company and property services	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Rank Casino Holdings Limited	England and Wales	Intermediary holding company for UK casino entities	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Mecca Bingo Limited	England and Wales	Social and bingo clubs	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Rank Digital Limited	England and Wales	Support services to interactive gaming	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Upperline Marketing Limited	England and Wales	Support services to interactive gaming	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Luda Bingo Limited	England and Wales	Dormant	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Linkco Limited	England and Wales	Processing of credit transfers	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
MRC Developments Limited	England and Wales	Dormant	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Rank Group Holdings Limited	England and Wales	Dormant	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Rank Leisure Machine Services Limited	England and Wales	Dormant	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
The Rank Organisation Limited	England and Wales	Dormant	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
RO Nominees Limited	England and Wales	Dormant	TOR, Saint-Cloud Way, Maidenhead SL6 8BN
Associated Leisure France SARL	France	Dormant	4 Rue Joseph Monier, 92859 Rueil Malmaison, Cades, France
Associated Leisure France Properties SCI	France	Dormant	Zi Sud, 12 Rue des Petits Champs, 35400, St Malo, France
Rank Digital Services (Gibraltar) Limited	Gibraltar	Property services	Second Floor, Icom House, 1/5 Irish Town, Gibraltar
Bingosoft Plc	Malta	Interactive gaming	Vault 14, Level 2, Valletta Waterfront, Floriana, FRN 1914, Malta

Name	Country of incorporation	Principal activities	Registered office address
Rank Digital España SA	Spain	Interactive gaming	Calle Balmes Nº 268-270 1st Floor, 08006, Barcelona, Spain
Rank Holding España SA	Spain	Intermediary holding company	Calle Balmes Nº 268-270 1st Floor, 08006, Barcelona, Spain
Conticin SL	Spain	Operator of parking for social and bingo clubs	Calle Balmes Nº 268-270 1st Floor, 08006, Barcelona, Spain
Gotfor SA	Spain	Social and bingo clubs	Carrer del Papa Pius XI, 114, 08208 Sabadell, Barcelona, Spain
Rank Cataluña SA	Spain	Social and bingo clubs	Calle Balmes Nº 268-270 1st Floor, 08006, Barcelona, Spain
Rank Centro SA	Spain	Social and bingo clubs	Calle Espoz y mina Nº 8, 1st centro, 28012, Madrid, Spain
Top Rank Andalucia SA	Spain	Social and bingo clubs	Conde Robledo 1, 14008, Cordoba, Spain
Verdiales SL A	Spain	Social and bingo clubs	Sala Andalucía, Ronda, Capuchinos 19, 41008, Sevilla, Spain
Rank America Inc.	U.S.A.	Dormant	The Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801, USA
Rank Stadium Andalucia, S.L.	Spain	Arcade and sports betting	Calle Balmes Nº 268-270 1st Floor, 08006, Barcelona, Spain
Spacebar Media Limited	England and Wales	Development and maintenance of online gaming software	Unit 450 Highgate Studios 53-79 Highgate Road, Kentish Town, London, NW5 1TL
SRG Services Limited	Mauritius	Shared services support	Suite 221 Grand Bay Business Park, Grand Bay 30515, Republic of Mauritius
Shifttech (Pty) Limited	South Africa	Development and maintenance of online gaming software	Unit 10, 10 Pepper Street, Cape Town, Western Cape 8001, South Africa
Daub Alderney Limited	Alderney	Interactive bingo gaming	Inchalla, Le Val, Alderney GY9 3UL
S.T.R. Financials Limited	Israel	Dormant	58 Harakevet St. Electra City Tower Tel-Aviv 6777016 Israel
8Ball Games Limited	England and Wales	Marketing services	Unit 901 Highgate Studios 53-79 Highgate Road, Kentish Town, London, NW5 1TL
Netboost Media Limited	Israel	Marketing services	5 Ha'Chilazon Street, Ramat Gan, Israel
Think Beyond Media Limited	England and Wales	Marketing services	Unit 441/2 Highgate Studios 53-79 Highgate Road, Kentish Town, London, NW5 1TL
Stride Together Limited	England and Wales	Support services to interactive gaming	Unit 901 Highgate Studios 53-79 Highgate Road, Kentish Town, London, NW5 1TL
Baldo Line SRL	Italy	Dormant	Gallarate (VA) Via Postporta 2 CAP 21013
Stride Investment Limited	Mauritius	Intermediary holding company	c/o Mauri Experta Ltd., 12th Level, Tower 1, Nexteracon Towers, Cybercity, Ebene, Republic of Mauritius
Passion Gaming Private Limited[2]	India	Online operator of digital card games in India	2nd Floor, SCO No 350, Sector 9, Urban Estate, Panchkula, Haryana, India
Stride Gaming Sweden AB	Sweden	Dormant	c/o Nordic Gaming, Norrtullsgatan 6, 113 29 Stockholm, Sweden
Stride Gaming Spain Plc	Malta	Dormant	Level 3, Valleta Buildings, South Street, Valletta VLT 1103, Malta
Stride Gaming Limited	Jersey	Intermediary holding company	12 Castle Street, St.Helier Jersey JE2 3RT

1. Directly held by the Company.
2. 51% investment.

The principal activities are carried out in the country of incorporation as indicated above. All subsidiary undertakings have a 30 June year end.

36 Post balance sheet event

Following a period of closure of our UK and European venues as required by Government in response to the evolving COVID-19 health pandemic, our Enracha venue opened on 22 June with the majority of our other venues reopening since the year end. Management continue re-assess and monitor the Group's performance against the three-year strategic plan that was prepared in May 2020 (and updated August 2020) and have evaluated that the revenue performance of venues since reopening has been either in-line or better than forecast. Management's assumptions and the latest performance against those assumptions are as detailed in note 1.

Through the combination of the venues being closed from late March 2020 until July/August 2020 and the assumptions made by management in its base case forecast, the Group anticipated breaching its banking covenants at the 31 December 2020 test date. Rank therefore renegotiated its banking covenants to temporarily replace the normal tests with a minimum liquidity test that is set at £50.0m and is tested quarterly in September and December 2020 and in March 2021 ("Revised Covenants"). The Group expects to meet the Revised Covenants and based on the strategic plan (as reassessed and updated in August 2020) the Group expects to achieve its normal banking covenants at the 30 June 2021 test date when the testing reverts back to being on a six-monthly basis, and at future testing dates during the plan period.

	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m	Year ended 30 June 2018 £m	Year ended 30 June 2017 £m	Year ended 30 June 2016 £m
Continuing operations					
Revenue	**638.1**	695.1	691.0	707.2	708.5
Operating profit before separately disclosed items	**51.1**	75.7	77.0	83.5	82.4
Separately disclosed items	**(27.6)**	(36.7)	(26.9)	1.0	9.3
Group operating profit	**23.5**	39.0	50.1	84.5	91.7
Total net financing charge	**(8.1)**	(4.4)	(3.4)	(4.8)	(6.2)
Profit before taxation	**15.4**	34.6	46.7	79.7	85.5
Taxation	**(6.0)**	(7.0)	(10.8)	(16.8)	(14.4)
Profit after taxation from continuing operations	**9.4**	27.6	35.9	62.9	71.1
Discontinued operations	**–**	1.5	–	–	3.6
Profit for the year	**9.4**	29.1	35.9	62.9	74.7
Basic earnings per ordinary share	**7.0p**	15.3p	15.0p	16.2p	15.7p
Total ordinary dividend (including proposed) per ordinary share	**2.80p**	7.65p	7.45p	7.30p	6.50p
Group funds employed					
Intangible assets and property, plant and equipment	**810.7**	609.3	630.6	599.4	606.3
Provisions	**(18.9)**	(46.8)	(41.6)	(33.7)	(50.1)
Other net liabilities	**(128.4)**	(166.2)	(183.2)	(162.7)	(162.4)
Total funds employed at year-end	**663.4**	396.3	405.8	403.0	393.8
Financed by					
Ordinary share capital and reserves	**365.9**	398.1	396.5	390.6	352.6
Net (cash) debt	**297.5**	(1.8)	9.3	12.4	41.2
	663.4	396.3	405.8	403.0	393.8
Average number of employees (000s)	**8.4**	9.0	9.9	10.4	10.6

2020/21 financial calendar

28 January 2021	Interim results announcement
Not applicable	Record date for 2019/20 final dividend
11 November 2020	Annual general meeting and trading update
Not applicable	Payment date for 2019/20 final dividend

Registrar

All administrative enquiries relating to shares should, in the first instance, be directed to the Company's registrar (quoting reference number 1235) and clearly state the registered shareholder's name and address. Please write to The Rank Group Plc registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (Tel: from the UK 0371 384 2098[1] and from outside the UK +44 121 415 7047).

There is a text phone available on 0371 384 2255[1] for shareholders with hearing difficulties.

1. Lines are open 08:30 to 17:30, Monday to Friday (excluding public holidays in England and Wales).

Shareview

The Shareview portfolio service from the Company's registrar gives shareholders more control of their Rank shares and other investments including:

- direct access to data held for them on the share register including recent share movements and dividend details;
- a recent valuation of their portfolio; and
- a range of information and practical help for shareholders including how they can elect to receive communications electronically.

It is easy and free to set up a portfolio – shareholders will just need the shareholder reference printed on their proxy form or dividend stationery. Please visit the following website for more details: www.shareview.co.uk.

Payment of dividends

The Company is no longer operating a dividend re-investment plan. Shareholders may find it more convenient to make arrangements to have dividends paid directly to their bank account. The advantages of this are that the dividend is credited to a shareholder's bank account on the payment date, there is no need to present cheques for payment and there is no risk of cheques being lost in the post.

To set up a dividend mandate or to change an existing mandate please contact Equiniti Limited, our registrar, whose contact details are above. Alternatively, shareholders who use Equiniti's Shareview can log on to www.shareview.co.uk and follow the online instructions.

Shareholder information

A wide range of information for shareholders and investors is available in the Investors area of the Rank Group website: www.rank.com.

Frequently asked questions

We have a shareholder 'frequently asked questions' section on our website which provides answers to many questions that shareholders have: http://www.rank.com/en/investors/shareholder-centre/faqs.html.

Capital gains tax

For the purpose of calculating UK capital gains tax on a disposal of ordinary shares in the Company held since 31 March 1982 (including shares held in the predecessor company, The Rank Organisation Plc), the price of the Company's ordinary shares at that date was 190p per share. This price should be adjusted for the effects of the rights issue in January 1990, the enhanced share alternative in July 1993, the sub-division and consolidation of shares in March 1994, the enhanced scrip dividend in March 1998, and the 18 for 25 sub-division and share consolidation (aligned with the 65p special dividend payment) which took place in March 2007. More information regarding these adjustments is available on the www.rank.com website.

Shareholder security

We are aware that some of our shareholders have received unsolicited telephone calls concerning their Rank shares. These communications tend to be from overseas-based 'brokers' who offer a premium price for your Rank shares but ask you to make an upfront payment, typically in the form of an insurance bond. We recommend that before paying any money you:

- obtain the name of the person and firm contacting you;
- check the FCA register at www.fca.org.uk/register/to ensure they are authorised;
- use the details on the FCA register to contact the firm;
- call the FCA Consumer Helpline on 0800 111 6768 if there are no contact details on the FCA register or you are told they are out of date; and
- search the FCA's list of unauthorised firms and individuals to avoid doing business with: www.fca.org.uk/consumers/protect-yourself/unauthorised-firms/unauthorised-firms-to-avoid.

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

Below, please find the link to the FCA's website which gives information on scams and swindles, which shareholders may find helpful: www.fca.org.uk/consumers/protect-yourself-scams.

Further information on fraud can be found at www.actionfraud.police.uk.

Action Fraud's helpline is 0300 123 2040.

We recommend that you report any attempted share frauds to the authorities, since providing information with regard to how the fraudsters have contacted and dealt with you will assist the authorities in understanding the fraudsters' way of operating so as to enable them to disrupt and prevent these activities and prosecute them.

ShareGift

Shareholders with a very small number of shares, the value of which may make it uneconomical to sell, may wish to consider donating them to charity through ShareGift, a registered charity administered by The Orr Mackintosh Foundation.

Further information about ShareGift is available at www.sharegift.org or by writing to:

ShareGift

PO Box 72253
London SW1P 9LQ

Tel: 020 7930 3737

For any other information please contact the following at our registered office:

Luisa Wright, company secretary
Sarah Powell, communications director

Registered office

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The Rank Group Plc
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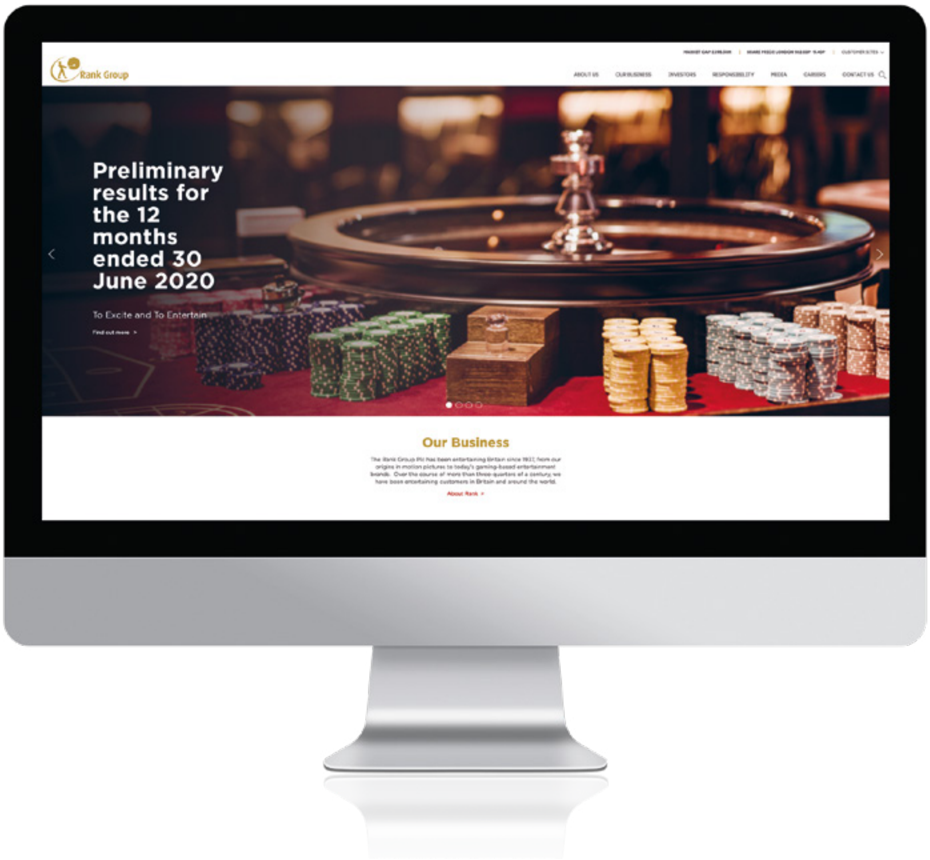

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